INFLUENCE OF STRATEGIC BUSINESS EXPANSION AND PROCESS AUTOMATION ON MARKET SHARE GROWTH: A CASE OF KENYA COMMERCIAL BANK

BY

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UNITED STATES INTERNATIONAL UNIVERSITY-AFRICA

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Research Project Report Submitted to the School of Business in Partial Fulfilment of the Requirement for the Degree of Masters in Business Administration (MBA)

UNITED STATES INTERNATIONAL UNIVERSITY - AFRICA

SUMMER, 2017
STUDENT'S DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university other than the United States International University in Nairobi for academic credit.

Signed: __________________________  Date: __________________________

Richard N. Mathu (ID NO 649401)

Supervisor’s declaration

This project has been presented for examination with my approval as the appointed supervisor.

Signed: __________________________  Date: __________________________

Dr. Joyce Ndegwa

Signed: __________________________  Date: __________________________

Dean, Chandaria School of Business
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ABSTRACT

The study sought to assess the influence of strategic business expansion and process automation on market share growth with specific reference to Kenya commercial bank. The study focused on three key specific objectives: to determine the effect of strategic business expansion on market share growth at KCB; to establish the influence of strategic business process automation on market share growth at KCB; and to establish the challenges of strategic business expansion and process automation faced by the Commercial Banks in Kenya.

The literature has demonstrated that both strategic business expansion and process automation affect market share growth which was in line with the primary findings which showed significant association between strategic business expansion and market share growth of the bank. Applying cross sectional research design, the study targeted KCB employees in 10 (50%) of the 21 KCB branches in Nairobi County based on their geographical location in the county, while applying Slovin’s formula to come up with 68 participants who comprised of business development officer; product development officer; customer care and operations officer.

Primary data was collected using questionnaires while secondary data was gathered using publications from World Values Surveys, government records, non-profit organisations (NGOs) records and media articles related to the topic under investigation. Pilot study was conducted using a random sample of 10 employees from Moi Avenue and Tom Mboya KCB branches to ensure consistency of the questionnaire. Chi square (χ²) and Pearson’s correlation analyses were applied in this study to determine the effect of strategic business expansion on market share growth; and to find out the relationship between strategic business process automation and market share growth at KCB respectively.

Principle component analysis method was applied to extract predominant challenges of strategic business expansion and process automation faced by the Commercial Banks in Kenya. The findings showed a positive linear correlation between strategic business process automation and market share growth at KCB. The study concluded that there was significant association between strategic business expansion and market share growth of the bank. The study recommends that for KCB and other commercial banks to undertake expansion strategies should ensure the best strategies for expansion, be
financially stable to implement the expansion, ensure that there is an attractive market before expanding and have appropriate and adequate workforce to implement the expansion.
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First and foremost I give my gratitude and humble appreciation to the Almighty God for the gift of life, good health, a sound mind and divine providence that enabled me to come up with this research project.

Secondly, I wish to accord my Supervisor, Dr. Joyce Ndegwa special acknowledgement, for equipping me with the knowledge and skills in writing the project with great insight, encouragement and guidance throughout the research project by reading and correcting my work. God Bless You
DEDICATION

This study is dedicated to my loving family for their support, patience and encouragement during the entire process. May the Almighty Bless you all.
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the problem

Market share growth represents the percentage of an industry or market’s total sales that is earned by a particular company over a specified period of time (Kemp, 2014). Market share growth can allow a bank to achieve greater scale in its operations and improve profitability (Whittington, 2014). Banks are always looking to expand their market share, in addition to trying to grow the size of the total market by appealing to larger demographics or by reducing operating costs. Apple, Inc., for example, uses its market share growth in China as a key performance indicator for the growth of its business (Wheelen, 2013).

Business process automation is a strategic management practice that a firm uses to expand business scope or automate business processes to contain costs. It consists of integrating applications, restructuring human resources and using software applications throughout the organisation (Robinson, 2015). Strategic management practices are continuous processes that involve attempts to match or fit the organization with its changing environment in the most advantageous way possible (Robinson, 2015). Strategic management practices are designed to ensure that the basic objectives of the firm are achieved through proper execution by the organization (Nag, 2015).

On the other hand, strategic business expansion is adopted by banks in attempt to achieve a high market share growth as compared to its past achievements (Brown & Cajee, 2013). With business expansion strategy a firm aims to grow considerably by expanding the scope of one of its business operations in the perspective of customer groups, customer functions and technology alternatives, either individually or jointly (Pearce, 2014). The reasons for the expansion could be survival, higher profits, increased prestige, economies of scale, larger market share or social benefits among others (Litondo, 2013). In the United States of America banks spent billions of dollars each year in developing management capability through strategic expansion programs (Kirwan & Birchall, 2016). A firm identifies the most desirable options by evaluating
each option in light of the firm’s mission, example, Kenya Commercial Bank partnered with Safaricom to come up with a mobile bank platform (KCB-MPESA) that targets the unbanked youth in Kenya after carrying out a research that found out that the youth were the majority in Kenya. This resulted in an increase in the account numbers (Ndung’u, 2013).

The independent variables of the study include; - strategic business expansion; business process automation; and challenges of Strategic Business Expansion and Process Automation faced by Commercial Banks. Business expansion is broken down into three parameters; - existing operations, restructuring, and strategic alliance while business process automation parameters include; - mobile banking, automated teller machines (ATMs), and robotics/intelligence. The challenges include; cost of automation, complexity of decisions and labor market skills. The dependent variable is market share growth variable which will enable us deduce if customer base, sales/revenue, and profits have improved. However, conceptual framework for the study assumes that there are moderating factors that are held constant otherwise they will lead to strategic business expansion and automation not translating into improved market share growth. These moderating factors include the economic conditions in the country, the government policies and the political environment all of which should be conducive to business activities in the country, otherwise, strategic business expansion and automation may not influence market share growth positively.

All banks regardless of their size or level of development have to embrace strategic management practices to survive. Due to stiff competition and changing consumer needs in the banking industry, are forced to formulate and implement strategies that will enable them minimize customer service breakdown thus attract and retain them (Brown, Cajee, Davies & Stroebel, 2013). For example Kenya has 44 banks of which 31 are locally owned and 13 are foreign owned and for the players to compete and gain market share in the competitive environment, banks should adopt different strategic management practices like business process automation, entry into foreign markets, among others (Grant, 2014). Studies done in Kenya indicate that business process automation and expansion strategy are the major strategic management practices employed by commercial banks in their quest to minimise costs and gain market share (Kiptugen, Warugu & Mbwayo, 2013).
Local banks such as Equity, KCB, Diamond Trust, I&M, ABC and Cooperative banks have operations in most parts of East Africa region driven by the advent of automated teller machines (ATM) which has helped to re-define the role of branch banking and moving branches away from transactional banking to become customer service centres (Nyangosi & Tommi, 2003). Moreover, Mobile bank services are widely being expanded through various platforms like M-Shwari which is a product of Safaricom and commercial bank of Africa aimed to tap the unbanked population (Litondo, 2013). KCB is ranked as the largest local bank in terms of market share and assets with branches across the entire east Africa region (Cytonn investments, 2016).

However, studies indicate that KCB has performed poorly in many areas at several occasions since its inception in 1896 (Nyangosi, Kim & Wanyona, 2014). Despite the high competition, KCB has been able to maintain its market share which is attributed to various strategic management practices the bank has put in place over the years for example, partnering with Safaricom to come up with KCB-MPESA product which targets the unbanked youth and opening branches across the region (Njuguna, 2014). During the period, the bank has rose to becoming the largest bank in the banking industry in Kenya surpassing other banks in the industry that had dictated the market over the years – and this was the motivation in choosing KCB in this study to understand the influence of strategic business expansion and business process automation strategies on market share growth.

1.2 Statement of the Problem

Freeing people from tasks best suited for machines allows banks and any other organisations to maximize personnel’s output and optimize the speed and efficiency of their business processes (Ghayad, 2016). When a bank implements strategic business process automation, processes are more easily tracked giving management total visibility into what is being done, what is not, and why (Lofgren, 2013). In addition, newly adopted technology is more effectively integrated with pre-existing systems when a strategic process automation platform is in use. The strategy saves valuable time, money, and man hours, demonstrating that business process automation is critical to staying competitive in the banking industry (Ghayad, 2016). A cross sectional study by Komal (2009) examined the impact of business automation on customer satisfaction in Malaysia but did not focus on expansion and also left out commercial banks. Another
study conducted by Ichine (2015) investigated the effects of business expansion on profitability of service sector in Nigeria and did not touch on automation and market share growth. Emphasis has always focused on adoption of process automation to the neglect of challenges of strategic automation faced by the banking sector in Kenya, which current evidence show that security of information remains a major concern in implementing automation like mobile banking services (Moeser, 2014; Gomez, 2015; & Marchini, 2016). Little efforts have been put on effects of automation on market share growth (Kuo, 2013). Studies done outside Kenya indicate that business process automation is one of the major strategic management practices employed by financial sector in order to minimise costs and gain market share (Rapando, 2016; & Davenport, 2013). Moreover, organizations operating in the dynamic business environment like banks have to adopt strategic business expansion for their survival (Gomez, 2014). Previous studies in Kenya have concerned themselves with effect of automation strategy on financial performance (Egessa 2014). They did not address the effectiveness of strategic business process automation on market share growth (Nzuki, 2014; Kuo, 2013; & Maharaj, 2014).

Further, studies did not focus on the impact of strategic business expansion on market share growth (Kanyi, 2013; Waweru, 2014; Nzuki, 2014; & Maharaj, 2014). It is against this background therefore that this study sought to assess the influence of strategic business expansion and process automation on market share growth with specific reference to Kenya commercial bank.

1.3 Purpose of the Study

The purpose of this study was to assess the influence of strategic business expansion and process automation on market share growth: a case of Kenya commercial bank

1.4 Specific objectives

The following specific objectives guided the study:-

1.4.1 To determine the effect of strategic business expansion on market share growth at KCB.

1.4.2 To establish the influence of strategic business process automation on market share growth at KCB.
1.4.3 To establish the challenges of strategic business expansion and process automation faced by the Commercial Banks in Kenya.

1.5 Significance of the study

1.5.1 Management of KCB

The study is useful to strategic managers of KCB in identifying effective strategic management practices - for example, the managers responsible for strategy may use the findings of this study to formulate effective monitoring and control systems to mitigate against the challenges while formulating and adopting strategic management practices that enhance market share growth.

1.5.2 Banking Sector

The findings of the study adds value in terms of guiding managerial policy for the commercial banking sector - policies in an organization are set to guide the members of staff on the boundaries in which they should operate.

1.5.3 Other Researchers

In future, other researchers and scholars will seek to extend further studies on the influence of strategic business expansion and process automation on market share growth. This study is therefore important to future researchers as it could be used as a source for future references and citation to improve the body of knowledge in this field of strategic management.

1.6 Scope of the study

The study was limited to examine the influence of strategic business expansion and process automation on market share growth: a case of Kenya commercial bank. Targeting employees in 10 (50%) of the 21 KCB branches in Nairobi County, the study applied personal judgement, to target the following branches:- Moi Avenue Branch, Eastleigh Branch, Gateway Branch, Capital hill Branch, Jogoo Road Branch, Kimathi Branch, Kipande Branch, Milimani Branch, Karen Branch, & River Road Branch.
Some participants were reluctant to disclose information due to fear of reappraisal from the organization. The researcher however engaged the participants in a brief discussion to explain to them and assured them of confidentiality and privacy of information. Participants were also reluctant to fully contribute to this study out of drawing conclusion that the study was not important to them. However, an attempt of lack of commitment from participants was used as a strategy by the researcher to take time to meet with all potential participants and clarified to them the meaning, scope and the contributions of this study to their organization.

1.7 Definitions of Key Terms

1.7.1 Strategy: a unified, comprehensive, and integrated plan that relates the strategic advantages of the firm to the challenges of the environment. It is designed to ensure that the basic objectives of the enterprise are achieved through proper execution by the organization (Ghobadian, 2015).

1.7.2 Organisational growth: a positive change in firm size, often over a period of time (Storey, 2014).

1.7.3 Market share: the portion of a market controlled by a particular company or product (Keynes, 2013).

1.7.4 Management: process of planning, organising, directing or controlling things or people (Honey, 2013).

1.7.5 Industry: enterprise in a particular field, country, region, or economy viewed collectively or one of these individually (Coulter, 2014).

1.7.6 Strategic Management: the identification of the purpose of the organisation and the plans and actions to achieve the purpose (Coulter, 2014).

1.7.7 Strategic management practices: are continuous processes that involve attempts to match or fit the organization with its changing environment in the most advantageous way possible (Robinson, 2015).
1.7.8 **Strategic business expansion:** the means by which the organization plans to achieve its objective to increase in size, volume and turnover (Westerlund & Leminen, 2013).

1.7.9 **Strategic business process automation:** is a strategic management practice that a firm uses to expand business scope or automate business processes to contain costs (Robinson, 2015).

1.8 Chapter Summary

The background showed that business environment in which banks operate is dynamic and turbulent with constant and fast paced changes that often render yester-years strategic management practices irrelevant. It was also clear from the background that top management and decision makers of banks must constantly think strategically about the future of their organizations survival. The study focused on strategic business expansion which the background found to be a major strategic management practices for survival by banks. Business process automation came out as key strategy to minimise costs as the firm strived to gain larger market share.

Chapter 2 reviewed the literature on the influence of strategic business expansion and process automation on market share growth. Chapter 3 described the methodology, research design, and analysis strategy. In addition, the methods for ensuring validity and reliability were discussed.

Chapter 4 presented the primary data on the effect of strategic business expansion on market share growth at KCB; influence of strategic business process automation on market share growth at KCB; and the challenges of strategic business expansion and process automation faced by the Commercial Banks in Kenya. Chapter 5 discussed the results and revealed how they relate to the existing literature. The chapter also presented answers to the research questions in the form of a set of guidelines and implications.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

The chapter critically reviewed influence of strategic business expansion and process automation on market share growth based on the specific research objectives. The chapter presents theoretical literature based on the independent variables (strategic business expansion; business process automation; and challenges facing the strategic business expansion and business process automation) and finally summary of the literature review.

2.2 Strategic Business Expansion and Market Share Growth

Chandler (2014) defined strategy as the determination of long-term goals and assigning of resources to facilitate appropriate actions. Strategic business expansion would then be strategies that the organisation employs in realizing its long-term expansion goals. Strategic business expansion is fundamentally concerned with the actions required to create superior customer value in the firm’s target markets with the ultimate goal of achieving superior performance and market share growth (Slater, 2016).

Westerlund and Leminen (2013) define business expansion strategy as the means by which the organization plans to achieve its objective to increase in size, volume and turnover. The terms growth and expansion are used interchangeably to refer to one and the same thing by most scholars (Kuuluvainen, 2014; Geroski, 2015). Expansion strategies include growing existing operations, restructuring, franchising, strategic alliances, mergers and acquisitions. Increased size has been associated with visibility, prestige, and the ability to withstand environmental shocks (Hannan & Freeman, 2012).

2.2.1 Growing Existing Operations

A study conducted by Fang (2014) found that increasing bank sales and products in existing markets was the easiest and most risk-free way to business expansion. This tactic may require a bigger location, different pricing strategies, new/improved marketing techniques - but it will be in a customer group with whom the bank already
have a relationship (Foss, 2016). Foss asserts that if the bank gets off track, the present customers will leave. Mukule (2014) posit that banks must adopt expansion strategies to introduce new products and services. In addition to loans, Nyaga (2015) asserted that many businesses need opportunities such as direct investment, bonds, leasing, and short-term financing. In order to expand a bank’s market share, a new type of service such as office leasing has to be actively sought out to supply their clients’ financial demand (Mukule, 2014). Moreover, Walter (2013) argues that a corporate bond market likewise should be developed to include the introduction of products and services other than loans. For example, Nigeria’s commercial banks have already expanded into selling insurance products throughout the sector (Uche, 2013).

Hannan and Freeman (2012) as well as Aldrich (2011) argue that Strategic business expansion is attractive because large banks are associated with economies of scale and scope, ease of access to credit financing from internal banks like World Bank and International Monetary Fund (IMF), brand visibility and allegiance, significant resources to foster research and development, valuable patents and competences among others. Expansion strategies include market expansion strategies, product innovation and diversification, regional and international expansion (Santomero, 2013).

A cross sectional study conducted by Santomero and Eckles (2013) on expansion strategies by commercial banks in Mongolia focusing on the likely effect of size on bank operating costs. Findings revealed that economies of scale and scope are related to the increased cost efficiency. The basic idea according to study was that the emergence of broad financial firms enables costs to be lowered, if scale or scope economies are relevant and if the range of expansion is within the band whereby they can be achieved. The study also showed that if economies of scale and scope prevail, increased size will help create systemic financial efficiency and shareholder value to the firm. However, Santomero and Eckles (2013) concluded that if diseconomies prevail, both shareholder value and financial efficiency will be destroyed. In an information and distribution-intensive industry with high fixed costs such as the banking sector, there should be an ample potential for scale and scope economies (Berger, 2012).

Based on the understanding that larger banks have higher survival rates (Auster, 2013; Baum, 2014; & Mitchell, 2015) and firm size economies of scale are related (Porter,
firm market share growth is seen as an important indicator of firms’ health and market potential. Other authors have related strategic business expansion to numerous challenges and long-term problems that could diminish a firm’s ability to generate profits (Gartner, 2014).

Expansion as a strategic market share growth option is particularly relevant in developing countries like Kenya because of very low product penetration and consumption levels (Nzau, 2014). Mworia (2013) contend that strategic business expansion in the banking industry demand that companies should have effective systems in place to counter unpredictable events that can sustain their operations and minimize the risks involved through expansion strategies.

2.2.2 Franchising

Sugandh (2014) describes franchising as when the owner of the business providing a product and/or service (the franchisor) assigns to independent people (the franchisees) the right to market and distribute the franchisor’s products and/or service, and to use the business name for a specified period of time, and under specified conditions. Paul (2014) asserted that franchising is a proven business model that can bring about accelerated market share growth and fast-track market penetration. However, Gene (2014) posit that franchising is a strategy for businesses that clearly understand the basis of their success and are able to repeat that model again and again. According to Gene, businesses whose success is based on brand development, consistency and organisational or process excellence franchising could well be the right strategy for growth.

Ayal and Zif (2014) contend that the choice of business expansion strategy is a key strategic decision in multinational expansion. To develop such a policy, a bank has to make decisions regarding; identification of potential markets and determination of some order of priorities for entry into new markets, the overall level of marketing effort that the firm is able and willing to commit, and selection of the rate of market expansion over time, and determination of the allocation of effort and resources among different markets.

A study conducted by Makau, Gatwiri and Okibo (2014) showed that Kenya has the most diversified, mature financial sector in East Africa, and has made strides in recent
years particularly in retail banking, mobile money and related services, and regional expansion. According to the study, Kenya shows the lowest percentage of the population excluded from financial services in a sample of comparable Sub-Saharan Africa (SSA) countries.

### 2.2.3 Diversification

A cross-sectional study conducted by Harzing (2015) found that gaining of reputation by banks is usually through increased and enlargement of market share which can be obtained through the top management influence in order to increase its bargaining competence. Harzing further argues that large banks have a higher negotiating power than small players in the markets with the customers. This consequently results to increase functioning of the large banks as they become more competitive in the market. The study by Harzing (2015) concluded that there are various market share drivers including preference share, which can be improved through product pricing, and changes in promotions. The study recommended that advertising expenditures increments and share of the available distributions can increase share of voice; this can be increased through more intensive distribution.

According to Johnson (2013), in diversification strategies, the main concern is on the development and exploitation of expertise thoroughly in delimited competitive grounds. It involves increasing the use of present products in present markets. In the building on an organization’s competencies and achievement of a competitive edge, banks use concentrated progress by ensuring concentration in the product market segment it knows best. Pearce and Robinson, (2016) averred that diversification strategy helps in market share growth and hence increased production and better coverage the product-market segments.

The major strategic alternatives of market expansion, within the third area, are market concentration versus market diversification (Kamau, 2014). On the other hand, Martinez and Jarillo (2012) argue that an increased geographical spread of risks associated with cross-border business expansion may improve an institution’s risk/expected return trade-off. A study done in the US by Berger, (2010) found that larger, more geographically diversified firms tend to have better risk/expected return trade-offs, the study also revealed that a bank may be able to increase the level of some
risky, yet profitable, activities such as commercial lending, without additional capital being necessary. This occurs for the largest universal banks, because these activities can have a minority share in the total of their business so that eventual losses in some line of activity could be normally absorbed by the institution (Rothet, 2011)

2.3 Strategic Business Process Automation and Market Share Growth

The dream of achieving strategic business process automation is becoming a reality for some banks (Ford, 2013). If an organization can simplify and optimize an operation procedure internally, it will increase overall productivity, and the company can provide faster responses to customers and become more competitive in the market (Karl, 2013). Competitors cannot afford to miss the opportunity to transform their own back-office processes. Information and communication technology (ICT) has increasingly stimulated expansion of the banking networks and range of the offered services during recent years. All banking services, such as electronic payments, loans, deposits, or securities have become heavily dependable on information and telecommunication technology (Adewoye, 2013).

New technologies and the pace of innovation are reshaping bank business and operating models, and influencing the shape and dynamics of the broader financial services ecosystem. Early adopters of new technologies stand to gain a significant advantage in relation to competitors. Other banks may choose to pursue a more gradual approach for strategic purposes delaying adoption of new technologies until they have been proven by competitors (Mark, 2015). Banks have adopted new technologies to varying degrees. Most banks use elements of cloud computing, a key technology that reduces the costs of rolling out and scaling the online and mobile banking capabilities that digital era consumers expect. Many institutions are also gradually implementing elements of big data and analytics as well as robotic process automation to strengthen controls and reduce costs. Other technologies, such as distributed ledger technology and the Internet of Things, are only in the early stages of commercialization by banks (Osborne, 2014).

2.3.1 Automated Teller Machine (ATM)

Adeniran (2014), among the development in the banking services delivery is the introduction of Automated Teller Machine (ATM) that intends to decongest the banking halls as customers now can go to any nearest ATM outfit to consummate their
banking transactions such as: cash withdrawal, cash deposit, bill payments, and transfer of fund between accounts. A cross-sectional survey conducted by Osbome (2014) on ATM services revealed that, the impact of ATM services in terms of their perceived ease of use, transaction cost and service security had a positive and significant effect on banks market share growth.

In a similar study Idris, (2014), is of the view that Automated teller machine (ATM) among others was one of the services introduced by banks with the objective of providing customers quick access to their finances, as well to reduce cost of such access. The research investigated the perceived customer satisfaction towards introduction of automated teller machine (ATM) in Nigerian banks. The researcher used questionnaires and descriptive statistics to analyze the study. This covered perceived ease of use, perceived accessibility and perceived security in order to measure customer satisfaction in relation to ATM service quality. Results indicated that customers with agreed responses on perceived ease of use and perceived accessibility has higher mean and standard deviation, while the perceived security responses has higher mean and standard deviation of disagreed responses.

2.3.2 Mobile Banking

Heid (2014) averred that banking industry, being one of the most regulated industries on the globe has seen many changes in the way of working in the past few decades. From being solely driven by work force, now more and more technology involvement has led to automation of services (Scholes, 2013). According to Scholes, banking industry has evolved a lot. Walter (2014) posit that gone are the times when one has to go to bank physical branch to make deposits, now we have cash deposit machines to do so. Economies all across the globe are going more and more cashless and the trend of online shopping has increased at an unbelievable pace. However, a study conducted by Pandey (2015) indicated that around 45% of people worry about the risk of unemployment and this is basically caused by the effect of automation. According to Pandey though, the effect of mobile banking has not only been on the banks but also the businesses that they serve to.

Komal (2009) examined the impact of mobile banking on customer satisfaction. The study established that mobile bank services enhanced operations and customer
satisfaction in terms of flexibility of time, added value in terms of speedy handling of volume transactions which traditional banking services were unable to handle efficiently and also providing banking services via a mobile phone device to the unbanked even in the remote areas.

Wachira (2015) investigated on the effects of online banking on the success of e-payment in Kenya. The study was motivated by the apparent low level of satisfaction with the level of the e-payment services irrespective of the increased online banking infrastructure by banks and the need to isolate the critical factors responsible for this. The study was principally based on primary data collected from users of the online banking and a total of one thousand, one hundred and forty-one (1,141) users of online banking were sampled. The study used weighted scores of the responses to success factors identified in the literature that were analysed using the factor analysis simulation model. The study concluded that the provision of adequate infrastructure such as power was critical for effective integration of the Kenyan banking system to the global network of electronic payment via online banking services.

Banks have enhanced many of their customer-facing, front-end operations with digital solutions. Online banking, for example, offers consumers enormous convenience, and the rise of mobile payments is slowly eliminating the need for cash. Faster response to requests and doing more with the same resources means banks can get more accomplished (Otieno, 2014). Example, an enormous number of processes and a significant shortage of resources led the National Metrology Institute of South Africa to automate processes. The firm wanted more time to accomplish its mission of maintaining national measurement standards and units for industry in South Africa.

2.3.3 Robotics and Artificial Intelligence

A longitudinal study conducted by Davidson (2014) on the performance of banking sector in east Africa found that today’s banking firms are facing increasing demands to maintain as lean an operation as possible while also delivering exceptional client experience at the lowest costs. The study concluded that robotic process automation is making it possible for financial institutions to achieve these goals and remain competitive in an ever-changing environment. A study conducted by Lawrence (2014) on the growth of financial institutions in Uganda found that through artificial
intelligence, financial institutions can maximize efficiency and keep costs as low as possible while also maintaining maximum security levels. The study recommended that, in order to remain competitive in an increasingly saturated market, especially with the more widespread adoption of virtual banking firms have had to find a way to deliver the best possible user experience to their customers and to answer these demands, robotics process automation (RPA) has become a powerful and effective tool.

According to Kotabe (2013), robotics process automation has also dramatically streamlined a wide variety of back office processes that once bogged down bank workers. By shifting much of these tedious, manual tasks from human to machine, banks have been able to significantly reduce the need for human involvement, which has had a direct impact on everything from performance and efficiency levels to staffing issues and expenses. Advances in robotics, artificial intelligence, and machine learning are ushering in a new age of automation, as machines match or outperform human performance in a range of work activities, including ones requiring cognitive capabilities (Bill, 2014).

Campbell (2015) posit that automation of activities can enable businesses to improve performance, by reducing errors and improving quality and speed, and in some cases achieving outcomes that go beyond human capabilities. According to Campbell, the deployment of automation technologies could bring a range of performance benefits for banks. These benefits are varied, depending on the individual use case, and potentially very substantial in some cases, considerably larger than cost reductions associated with labour substitution (Grant, 2015). They include, but are not limited to, greater throughput, higher quality, improved safety, reduced variability, a reduction of waste, higher customer satisfaction and overall market share growth.

Allen (2014) artificial intelligence (AI)/ machine learning (ML) allows computers to learn from data with the goal of predicting and/or making decisions beyond human scale. According to Allen, Artificial intelligence is a form of advanced analytics that seeks to emulate human traits like learning, understanding complex content, developing proprietary conclusions and engaging in natural dialogue. AI can replicate human cognitive performance (e.g., cognitive computing) or augment and extend human productivity in the execution of non-routine tasks (Berger, 2015). The technology is currently being deployed in a targeted manner throughout the financial services
industry, primarily in risk and compliance areas such as trade surveillance (Ben, 2013). Machine learning is a type of artificial intelligence that automates analytical model building, enabling computers to learn without explicit programming when exposed to new data (Miller, 2015). Machine learning consists of two distinct techniques, supervised and unsupervised. Supervised machine learning can predict future events based on a known target result and historical data, such as trader surveillance to correct any service defects before they occur. Unsupervised learning identifies patterns from data without hints of a target result, such as fraud detection and hence protecting the customer in advance (Lepetit, 2014).

Routine process automation (RPA) refers to the automation of routine processes to capture and interpret existing means for processing a transaction, manipulating data, triggering responses or communicating with other digital systems (Maxine, 2014). This discipline has progressed from the enhancement of manual, repetitive tasks to the automation of intelligent processes and augmentation of human resources, allowing for faster, more accurate and continuous processing hence enhancing customer service.

2.3.4 Distributed Ledger Technology.

Often referred to as “blockchain” technology, distributed ledger technology is a shared database, distributed across a network (of individuals, organizations or devices) that maintains a growing list of transactions between participants (Maxine, 2014). The transactional record is synchronized, as each copy of the record is identical and automatically updated, and immutable, as data recorded on the ledger cannot be changed. Ishii (2016) distributed ledger technology was initially showcased through bitcoin, by enabling online, peer-to-peer exchange of virtual currency. According to Ishii the development of smart contracts (i.e., business logic embedded in a distributed ledger) has introduced a new dimension of functionality which has attracted a new segment of market to the banking sector.

Banks are currently evaluating distributed ledger and smart contract technology for a variety of use cases, including master data management, asset/securities issuance and servicing, collateral management and trade/contract validation (Whittington, 2015). This technology has enhanced market penetration and is seen as a tool for market share growth for the banks because customer expectations of what great service looks like
are often shaped by their single best user experiences (Mbwayo, 2015). The optionality, transparency and affordability of products and services offered by prominent digital era companies have set a new baseline for banking customers’ expectations of convenience, simplicity and customer engagement (Whittington, 2015). New technologies are enabling banks to minimize or even remove operational frictions associated with client interactions. Banks are expanding access to products and services through customer preferred channels and significantly reducing/eliminating the intervention required to complete core banking services. Mecking (2014) averred that new entrants to the banking ecosystem are demonstrating how customer access to banking products and services can be expanded through the use of emerging technologies. According to Mester (2014), examples of these new product innovations are seen in wealth and asset management, peer-to-peer lending and payments. The proliferation of mobile based access and advances in technologies such as big data and analytics, RPA and AI, is also enabling banks to create new products to new markets and to satisfy unmet customer needs. In particular, expanded data sources (e.g. customer specific data sets) and new credit models leveraging advances in analytics are expanding access to credit to the unbanked markets (Mester, 2014).

2.4 Challenges of Strategic Business Expansion and Process Automation faced by Commercial Banks.

2.4.1 Complexity of Strategic Business Expansion Decisions

According to Heid and Lawrence (2014) expansion decisions are more complex than investment decisions because they involve many domains. Strategic business expansion has substantial intangible implications which may not be the case with investment whereby an investor's sole purpose is to maximize his wealth, but banks might be having objectives other than just making profit like employment generation, brand imaging, entering new market segments, strategic move, forward integration, and backward integration (Kotabe, 2013).

On an abstract level, one can think of business expansion as investment, which inherently has some risk and is supposed to bring a return (Jack, 2014). Of course, it is much more complex than investment decisions (Krussel, 2014). According to Kotler (2011), business expansion strategy does not depend only on the financial status of the
firm it is a strategic decision, which is related to firm's objectives and mission. It is very difficult to determine the present value or future value of a firm (Jones, 2015). The value of a firm is determined by the product and not by the time. Expansion strategy is less liquid than investment. Selling or buying of a setup takes more time than an investment “buy or sell” event (Scholes, 2013).

While the globalization of many regional businesses has generated opportunity in terms of expanding the marketable universe, it has also brought about business challenges (Frey, 2015). Frey argues that the expansion of business geography in particular, introduces a multitude of complexities stemming from the need for decentralized decision-making, overlapping regulatory compliance and challenges with respect to achieving economies of scale that become mission critical in terms of achieving an organization’s strategic objectives. Mark (2014) posit that complexity of strategic business expansion results from the collective decision-making of management in response to business challenges faced on a daily basis. The more this decision-making is conducted de-centrally, or with an approach that fails to appreciate the impact that a decision will cause in other areas of the business, the more layers of complexity are added (Mwangi, 2014). Failure to address business complexity breeds more of the same, as additional layers are added to accommodate for previous decisions.

Studies indicate that the costs of managing complexities can run as high as 15 to 20 per cent of total business costs in global organizations (Hookes, 2016; & Lawrence, 2014). This shows that greater efficiencies will produce significant financial results. According to Mark (2014) complexity drives fixed costs through bureaucracy and increased head-count. Mark asserts that complexity of expansion decisions can also delay decision-making and distract decision-makers from their strategic areas of focus. Perhaps most damagingly, the inability to recognize and execute on business opportunities can mean all the difference between becoming a dominant market player, relegation to a firm with only regional strength, or an ultimate organizational failure due to the inability to scale.

A study conducted by Otieno (2016) on business expansion strategies concluded that by focusing both on the customers the bank has and customers the banks want, then the bank’s decisions will be aligned with the most important stakeholder group. What is key however, is for the bank to focus on plurality, not just a single customer. Identifying
products that can deliver tailored solutions to customer groups allows the bank to achieve scale without diluting the value, thereby maximizing revenues and reducing costs simultaneously is central of business expansion management. According to Gene (2015), aligning organization with a customer focus simplifies decision-making and decision complexity. Organizational structures and groups that don’t deliver value to the end user or better allow the bank to reach that customer, become surprisingly easy to eliminate.

Goetz (2015), mobile banking services are subject to regulatory requirements and expectations that apply to bank operations more generally, including the prohibition of unsafe and unsound practices and the need to comply with consumer protection requirements. In addition, depending on the precise nature of the innovative activity, other general aspects of the bank regulatory framework may also apply, such as those pertaining to data security and privacy, anti-money laundering (AML)/ know your customer (KYC) and cybersecurity (Emefiele, 2015). In instances where the incorporation of technological innovations involves the performance of services for the bank by a third party, the general requirements and expectations applicable to vendor relationships would also apply.

Accordingly, under the existing legal and regulatory framework, a bank’s technological innovation activities are generally subject to ongoing review and examination - meaning that banks frequently discuss relevant innovation efforts with supervisors in the course of the regular examination process but typically not to any form of prior review or approval (Mayweather, 2015). Under this structure, banks and their lines of defence are responsible for the ex-ante risk management and alignment of any innovation activity with the firm’s risk appetite/ tolerance, risk culture and all regulatory requirements (Tonny, 2015).

2.4.2 Cost of Automation

The cost of automation affects the firm case for implementation (Thompson, 2015). Developing and engineering automation technologies takes capital. Hardware solutions range from standard computers to highly designed, application-specific hardware such as robots some with even arms and other moving parts requiring dexterity (Steven, 2012). Cameras and sensors are needed for any activity requiring sensory perception
capabilities, while mobility requires wheels or other hardware that enable machines to move. Such attributes increase costs relative to a general-purpose hardware platform (Hookes, 2016). Lawrence (2014) argues that even “virtual” solutions that are based on software require real investments in engineering to create solutions. For deployment, hardware requires significant capital spending, and thus automation that requires it has high initial costs compared to wages.

Software solutions, by comparison, tend to have a minimal marginal cost, which usually makes them less expensive than wages and thus they tend to be adopted earlier. Over time, both hardware and software costs decline, making solutions competitive with human labor for an increasing number of activities. With all the new, evolving and innovative entrants in the market built on modern infrastructures that both support and drive current and future innovations, being complacent is not an option for the more established banks if they want to stay relevant (Ghauri, 2013). According to Ghauri, this concern needs to be approached on both a business and technological level. It would be a grave mistake to continue to churn out endless promotions to keep customers happy as this approach is not viable in the long run (Gronhaug, 2016). Technology drives sustainable value and with the right underlying platform, banks can offer quick-to-market, new and exciting services that meet the needs of end consumers and merchants.

However, according to Nyatch (2014), the key issue whether or not the technology supports the business model of the bank. Unfortunately, according to Chandler (2014) these days the chances are, that it doesn’t. Okiro (2016) posit that with the emergence of alternative payments and to say that banks running on these older systems are overstretched is a colossal understatement. According to Okiro, financial institutions in this predicament appear to deal with impending innovation in one of two ways: - to either stretch systems beyond their initial purpose and capability, or to attempt to integrate the virtually unintegratable. In some circumstances, completely autonomous systems are being built that do not deliver any specific or significant value and at what cost. If the platform isn’t supporting the business model it is doing more harm than good and banks may find themselves in a cycle of perpetually increasing maintenance costs to support limited and fragmented innovation (Chandler, 2014).
The current business landscape is very fast paced, certainly a world away from the financial services market in the 80s, and this landscape, although exciting, also lends itself to numerous uncertainties (Geroski, 2015). According to Geroski, sustaining, let alone growing market share, is only possible when the new product or service a bank wants to deliver is flexible, and in some cases, even disposable. Mukule (2014) argued that to keep that competitive edge, banks need to have the capability to create something quickly and at very little cost, and if it doesn’t work, it is time to build something else, quickly and at very little cost.

However, according to Freeman (2012), the problem that arises is that most banks can’t do this and those that can invest far too many resources at an extreme cost. Nothing is quick or cheap, not with the technology they have in place. However, the technology that can deliver this ability and the development tools required are available on the market (Uche, 2013). For example, Leminen (2013) there are documented cases where a financial service provider has launched a new product from concept to go-live in two weeks, spending only US$3,000 in the process. According to Leminen, completely new interfaces have been created in an hour. However, Nyatich (2013) argued that not many banks can raise their hands and declare, they can do this. Additionally, Ndung’u (2015) posit that in this increasingly changeable payments landscape, the answer needs to be yes, otherwise the bank’s shelf life is limited and they may soon be out of the game altogether. From a business process automation perspective, Santomero (2013) asserted that the following advice can be offered to banks that want to increase their market share.

### 2.4.3 Conflict between Labour Market Skills and Automation Process

Furthermore, Ansoff (2014) posit that the effects of automation can interact with labor market skills and supply. For example, if middle-income workers such as clerks and factory workers are displaced by the automation of data collection and processing and predictable physical activities, they could find themselves moving into lower paid occupations, increasing supply, and potentially putting downward pressure on wages. Conversely, they might take time to retrain into other high skill positions, delaying their re-entry into the labor force, and temporarily reducing labor supply (Mwendwa, 2014).
As business process automation becomes more widespread, much has been said about negative repercussions for the workers of the banking sector. While automation has transformed and will continue to transform the banking sector, it largely redefines rather than eliminates jobs (Zaino, 2013). For example, a cross sectional study conducted by Hookes (2016) on check-in kiosks at airports showed that automation caused a refocusing of skills rather than a reduction in the workforce, allowing airline personnel to dedicate their attention to more complicated transactions while kiosks streamline the check-in process and reduce wait time for customers. Similarly, a case study by Ansoff (2014) on Amazon’s Kiva robots indicated that while the robots help fulfil warehouse orders, human workers are needed for anything involving fine motor skills, judgment, or unpredictability. According to Ansoff, in the case of Amazon, automation helped each type of worker, human and robot to focus on what they do best, allowing the company to grow both its robot and human workforce by 50% in 2016. In the independent workforce, automation may actually increase demand for flexible workers who have skills and agility that machines are unable to provide. In fact, 51% of global executives say their organizations plan to increase the use of flexible and independent workers in the next 3 to 5 years (Deloitte, 2014).

Kanyi (2015) averred that along with the growth of a flexible, independent labour market, automation will reduce the incentive for banking sector to use low-wage labour overseas. According to Kanyi, automation eliminates the need for many low-paying offshore jobs, allows banks to reshore labour and production, and increases the need for high-skilled activities, according to a 2015 report from the United Nations Conference on Trade and Development. Independent professionals can fill these high-skilled roles.

Jones (2014) argues that because of combination of automation and the digital revolution, the nature of jobs and work in the banking sector continues to change at a rapid rate. Today, for example, marketing automation tools can considerably improve productivity by automating and buying, quickly and efficiently distributing email-marketing campaigns, and basing customer communication off of buying history and trends (Waweru, 2014). Despite these changes, automation enables commercial banks to grow. As they become more refined, the need for skilled, flexible labour market will
increase (Maharaj, 2014). Automation will redefine the value placed on certain skills and create new roles that independent labour market can fill (Slater, 2013).

2.5 Chapter Summary

Chapter two has reviewed several studies related to the current topic and some studies have found significant disparities in expansion structures among banks of similar size, suggesting that the ways in which banks are run can be more important than their size or the range of business that they pursue. In other words, strategic management efficiency per se may be a more important factor than scale of economies in bank performance in terms of market share growth. This may suggest that any expansion or automation strategy is highly associated with increases in market share and strategic management efficiency than scale and scope economies as was pointed out by Walter, (2014) and Molyneux, (2013).

According to the findings by Johnson and Scholes (2014) in a study on exploring corporate strategy among American firms, the types of expansions include; franchising, licensing, acquisition and mergers. However, existing literature indicates that these practices have left many banks with a complicated process automation architecture (Nzuki, 2014). Redesigning entrenched systems can take up to five years and cost hundreds of millions of dollars. Banks must invest substantial capital and run the risk that, should the management strategy miss the mark or take too long to implement, the market may have moved on before the new strategy goes live (Kanyi, 2013).

The existing literature has argued that, to maintain market share growth, something has to change, and currently that something is the inclusion of value-added-services (Boyd, 2015). According to Boyd, banks must adjust their business and operation models to cater for their customers; both end consumers and merchants. The literature has indicated that market share is the most important metric banks can use to judge the effectiveness of any possible revenue generating effort, such as marketing campaigns, branding initiatives, or CRM programs. A study by Westfall (2016) found that for many banks, loan growth is as important as revenue growth to most industrial companies. The literature argued that the trouble with loan growth is that it is very difficult for an outside investor to evaluate the quality of the borrowers that the bank is serving. Above-average loan growth can mean that the bank has targeted attractive new markets, or has a low-
cost capital base that allows it to charge less for its loans (Auster, 2015). On the other hand, above average loan growth can also mean that a bank is pricing its money more cheaply, loosening its credit standards or somehow encouraging borrowers to move over their business (Auster, 2015).

Strategic business expansion as evident from the existing literature is a strategy that an organisation employs in realizing its long-term expansion goals such as market share growth (Slater, 2013). Davidson (2014) emphasized that expansion strategy is fundamentally concerned with the actions required to create superior customer value in the firm’s target markets with the ultimate goal of achieving superior performance. Despite automation challenges, there are numerous benefits of associated with the ATM, online banking, and mobile banking services (Pandey, 2015).

The literature that has been reviewed clearly show that by understanding market share, banks can objectively measure pricing strategies, consumer perception of new products/services, promotions, management personnel, real estate decisions and other key business initiatives (Tauti, 2011). According to Tauti, market share growth supports the ability to understand the impact business strategies and their execution have had on revenue and allows a firm to evaluate both short and long-term trends in market share and competitive presence. Generally, according to the literature review, market share growth gives a firm the ability to differentiate and quantify the revenue growth and loss the organisation has impacted and to understand the growth and loss which has resulted from changes in the market that were beyond control (Torrington, 2014). By understanding market share growth, a firm can filter out market noise with a metric that is not impacted by macro-environmental variables and measure your impact to revenue across the organization using a consistent, unbiased metric for each location, market and in summary for your entire business (Mboya, 2012).

Existing literature has demonstrated that banks mainly seek to increase their market share to gain reputation since market leaders have an influence that they can use to their advantage. A firm may use its influence in an industry to increase its bargaining power (Harzing, 2015). A larger player has an advantage in negotiations with suppliers and channel members than a smaller player in the industry has. This power enables a firm to be more competitive in the industry which ultimately results to increased performance in terms of market share growth (Harzing, 2015).
Studies have shown that there are various drivers of market share which include share of preference, which can be increased through product, pricing, and promotional changes (Kanyi, 2013; Waweru, 2014; Nzuki, 2014; & Maharaj, 2014). Increasing advertising expenditures and lastly share of distribution can increase share of voice; this can be increased through more intensive distribution. According to Jones (2014), market share can be increased by changing the variables of the marketing mix. They include the product whose attributes can be changed to provide more value to the customer by improving product quality.

The literature that has been reviewed reveal that several issues remain inadequately addressed. The studies have concentrated on strategic management of tier one banks. There lacks a detailed study into the extent to which the current business expansion and process automation factors have influenced general business performance in smaller banks. There is also the issue of cost of automation whereby the reviewed literature did not focus on the impact of this parameter on strategic process automation in other sectors. There is need to establish whether complexity of strategic business expansion decisions, cost of automation and conflict between market skills and automation or other challenges determines the strategic management practices in other sectors other than the banking sector alone.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

The chapter was organized under the following sections; research design, population and sampling procedure, data collection methods, research procedures, data analysis methods and chapter summary.

3.2 Research Design

The study applied cross sectional design also known as transversal study meaning to cut across the target population. It is an observational study that entails analyzing data collected from a population or a representative subset at a specific point in time. The design was of interest because the study sought to determine the association between the independent variables and market share growth at KCB. The choice of the design was consistent with Daniels (2013), who posit that cross sectional research design is often used in a group of people who differ in the variable of interest but share other characteristics such as socioeconomic status and educational background.

3.3 Population and Sampling

3.3.1 Population

Target population of the study was 210 employees in 10 (50%) of the 21 KCB branches in Nairobi County (KCB, 2016). The 10 branches were as follows:- Moi Avenue Branch, Eastleigh Branch, Gateway Branch, Capital hill Branch, Jogoo Road Branch, Kimath Branch, Kipande Branch, Milimani Branch, Karen Branch, & River Road Branch whereby the researcher applied personal judgement procedure to select the mentioned branches. KCB has 192 branches across 47 counties in Kenya whereby 11% (21 branches) are based in Nairobi County (KCB, 2016). The interest in selecting KCB was simple: the bank is the largest bank (in terms of market share and assets) in the banking industry in the region (CBK, 2014). This was useful for the study to determine what KCB does different to achieve competitive edge in the sector.
3.3.2 Sampling Design and Sample Size

3.3.2.1 Sampling frame

The following categories of individuals were used for the study: business development officer; product development officer; customer care and operations officer. In this study, Slovin formula was applied. Slovin formula: $\bar{N} = \frac{N}{(N \times d^2 +1)}$ where; $\bar{N}$ = sample size, $N$ = total population; $d$ = degree of confidence with a desired 90% degree of confidence to come up with a sample size of 68 participants as shown below:

$$\frac{210}{(210 \times 0.1)^2 + 1} = 67.741.$$ 

3.3.2.2 Sampling Technique

The study respondents were drawn purposively to fill questionnaires. This implies that only respondents willing to participate in the study were engaged during data collection. The ten branches were selected on the basis of the author’s personal judgment whereby the sampled branches are situated on different geographical locations of the County and hence avoiding biasness in data collection. Two of the branches are situated in the central business district (CBD) while 8 branches are in the outskirts of Nairobi County as shown in appendix 1.

3.3.2.3 Sample Size

The study sample size was 68 participants drawn across the 10 sampled branches of KCB. The sample size was consistent with Hum (2015) who stated that, using too many participants in a study is expensive and exposes more number of subjects to procedure. It was also in line with Russel (2001) who observed that a study should be of an adequate size relative to the objectives of the study. Russel argues that sample size must be big enough that an effect of such magnitude as to be of scientific significance will also be statistically significant.
Table 3.1: Sample size

<table>
<thead>
<tr>
<th>Categories</th>
<th>Population</th>
<th>Sample size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business development officer</td>
<td>125</td>
<td>33</td>
</tr>
<tr>
<td>Product development officer</td>
<td>20</td>
<td>10</td>
</tr>
<tr>
<td>Customer care</td>
<td>35</td>
<td>15</td>
</tr>
<tr>
<td>Operations officer</td>
<td>30</td>
<td>10</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>210</strong></td>
<td><strong>68</strong></td>
</tr>
</tbody>
</table>

3.4 Data Collection Methods

This study used questionnaire as the key instrument for primary data collection. The use of questionnaire was preferred as it ensured confidentiality was upheld, saved on time, and was easy to administer. This was in line with another study done by Bell (2013) which found out that questionnaires provide a greater feeling of anonymity hence encouraging open responses to sensitive questions and is free from bias, guaranteeing accuracy and valid data. The questionnaire was also ideal for this study because the author was able to collect information from a larger sample.

The questionnaire contained closed ended and open ended questions to elicit specific responses for quantitative and qualitative analysis respectively. Some of the closed ended questions required a response on a five point Likert scale, showing to what extent each independent variable contribute to market share growth at KCB.

The questionnaire was organized into themes. The first theme of the questionnaire dealt with demographic statistics such as name and gender. The other sections included questions from the three specific objectives. As a strategy aimed at getting credible data from the field, the author trained enumerators who interviewed staff and administered questionnaires.

Secondary data used publications based on data from the World Values Surveys, government records, non-profit organisations (NGOs) records, media articles, and studies related to the current topic. Secondary data helped to generate new insights from previous analyses. This is in line with Fabregues (2014) who averred that re-analysing secondary data can also lead to unexpected new discoveries.
3.5 Research Procedures

To ensure consistency of the instrument, a pilot study was conducted using a random sample of 10 participants from Moi Avenue and Tom Mboya KCB branches. The bank branches have almost similar characteristics, and the number 10 was chosen for the pretest based on Kathuri and Pals, (2013) suggestion that it is the smallest number that yields meaningful results in data analysis in a survey research. According to Sekeran (2013) a pilot test is necessary for testing the reliability of data collection instruments. Piloting was done in order to assess the suitability of questionnaire items and interview schedule, the wording of the questions and the consistency in the responses.

For purposes of reliability, the results from the pilot study were subjected to spilt-half analysis technique according to Cronbach’s formula;

\[ \alpha = \frac{(N \times r)}{1 + (N-1) \times r} \]

Where N = number of items and r is the average inter-item correlation among the items. Cronbach alpha provides a good measure of reliability because holding other factors constant the more similar the test content and conditions of administration are, the greater the internal consistency reliability (Peil, 2013). A reliability coefficient of 0.70 and above from the pilot study results was acceptable as appropriate for this study.

For purposes of validity of data, the study applied face validity. This was done by asking participants whether they thought the questions were well constructed and valid with regard to the study objectives.

Content and construct validity were used to evaluate the inferences based on the results from the instruments. To establish content and construct validity the researcher sought expert opinion concerning the research instruments from the supervisor at United States International University (USIU).

3.6 Data Analysis Methods

Qualitative data was analyzed using content analysis method. This approach was more appropriate for the study because it allowed for deep, sense, detailed accounts in changing conditions. Qualitative data was suitable for this study because the research was conducted within the environment where strategic business expansion and process automation occur, i.e KCB branches.
To determine the effect of strategic business expansion on market share growth at KCB, the study used chi square ($\chi^2$) analysis given by the formula: 

$$x = \sum (o - \bar{e})^2 / \bar{e}$$

Where: $o$ - observed values and $\bar{e}$ - expected values. Chi square was necessary in this study because it allowed to test the relationship between strategic business expansion and market share growth at KCB.

To find out the relationship between strategic business process automation and market share growth at KCB the study used Pearson’s correlation analysis method:

$$r = x = \frac{n(\Sigma xy) - (\Sigma x)(\Sigma y)}{\sqrt{n\Sigma y^2 - (\Sigma x)^2}[n\Sigma y^2 - (\Sigma y)^2]}$$

Pearson’s correlation was necessary because it allowed to determine the extent of effectiveness of strategic business process automation on market share growth.

The study also applied principle component analysis to extract predominant challenges of strategic business expansion and process automation faced by the Commercial Banks in Kenya.

3.7 Chapter Summary

The chapter covered the methods used to carry out the study. The study used a cross sectional design to determine the association between the independent variables and market share growth at KCB. The target population was KCB employees whereby the study targeted 10 branches out of the 21 KCB branches in Nairobi County. The study applied Slovin formula with a desired 90% degree of confidence to come up with a sample size of 68 participants. The study used questionnaire as the key instrument for primary data collection. The study also eliminated all biases and limitations appropriately and accordingly by conducting a pilot study. The study used chi square ($\chi^2$) analysis and Pearson’s correlation analysis method to determine the extent of effectiveness of strategic business expansion and process automation on market share growth. Finally, the study applied content and principle component analyses to extract predominant challenges of strategic business expansion and process automation faced by the Commercial Banks in Kenya.
The next chapter (chapter four) presented the primary findings. It discussed accordingly the data collected from the field. The chapter also presented the literature reviewed in relation to the primary findings. The presentation of findings were discussed beginning with descriptive, then the inferential while interpreting the findings by comparing and contrasting with the literature reviewed.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

This chapter discusses research findings of the study which was aimed to assess the influence of strategic business expansion and process automation on market share growth: a case of Kenya commercial bank. The chapter presents the analysis of the findings guided by questionnaire responses. The analyses was divided into the following themes: - first section analysed response rate; the second theme presented respondents’ demographics while the third theme did a detailed analysis on the influence of strategic business expansion and process automation on market share growth.

4.2 Response Rate

The study targeted 68 participants whereby 68 questionnaires were administered across the 10 sampled branches of KCB. 68 participants responded to the questionnaires and completed the questions successfully making the response rate 100% (68 out of 68). This means that proper pilot study was conducted to address any loopholes before the primary study was conducted. It could also mean that the participants were able to understand and fill all the questions successfully.

4.3 Respondents’ Demographics

In this section the researcher sought to find out the age of the participants, their level of education and duration they have worked for KCB.

Table 4.1: Frequency Distribution of Respondents by Age

<table>
<thead>
<tr>
<th>Age</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-24</td>
<td>7</td>
<td>10.29%</td>
</tr>
<tr>
<td>25-34</td>
<td>25</td>
<td>36.76%</td>
</tr>
<tr>
<td>35-44</td>
<td>22</td>
<td>32.35%</td>
</tr>
<tr>
<td>45-54</td>
<td>8</td>
<td>11.76%</td>
</tr>
<tr>
<td>55-64</td>
<td>6</td>
<td>8.82%</td>
</tr>
<tr>
<td>65-75</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Above 75</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td>Total</td>
<td>68</td>
<td>100.00%</td>
</tr>
</tbody>
</table>
Table 4.1 revealed that most of the respondents were within the age category of 25-34 years (25, 36.76%), followed by age category 35-34 (22, 32.35%). This was followed by age category 45-54 (8, 11.76%), followed closely by age group 18-24 (7, 10.29%). The least percentages of respondents interviewed were in the age categories 55-64 (6, 8.82).

The findings are in line with studies conducted by Munyua (2012) who noted that most young people (20-35 years) in Kenya dominate the labor markets across all sectors. Age was significant to the study because individuals who grow up at the same time are a generation and often share many of the same experiences as others of the same age group. This depicts that age can influence implementation and adoption of strategic business expansion and process automation practices by different generations.

Table 4.2: Frequency Distribution of Respondents by Education Level

<table>
<thead>
<tr>
<th>Education level</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Masters holder</td>
<td>12</td>
<td>17.65%</td>
</tr>
<tr>
<td>Degree holder</td>
<td>28</td>
<td>41.18%</td>
</tr>
<tr>
<td>Diploma holder</td>
<td>20</td>
<td>29.41%</td>
</tr>
<tr>
<td>PhD</td>
<td>5</td>
<td>7.35%</td>
</tr>
<tr>
<td>Certificate</td>
<td>3</td>
<td>4.41%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>68</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>

Results in table 4.2 shows that majority of respondents interviewed had reached degree level (28, 41.18%), followed by Diploma level (20, 29.41%). 17.65% (12) of the respondents interviewed were found to have attained masters level. A small percentage of respondents (5, 7.35%) had a PhD closely followed by certificate level (3, 4.41%). This goes to show that most employees in the study population are either degree holder (41%) or a diploma holder (20%). Level of education was significant to this study because educated respondents have higher capability in processing information and are able to make substantive decisions and therefore education can influence implementation and adoption of strategic business expansion and process automation practices.
The findings in figure 4.1 revealed that 19% of the respondents had held their job positions for more than ten years during the time of interview. The highest percentage of respondents (40%) had been in the same job position for a period of between 6 and 10 years. Followed by 22% holding the same position for a duration of between 3 and 5 years when this study was being undertaken. This means that majority of the participants knew a lot about the bank and could therefore provide credible information about the topic under study.

**4.4 Respondents on Market Share Growth**

In this section, the researcher sought to know the effect of strategic business expansion and process automation practices on market share growth of KCB.

Respondents were asked to indicate their level of agreement/disagreement on the effect of strategic management practices (business expansion and process automation) on market share growth.
Table 4.3: Frequency distribution on market share growth

<table>
<thead>
<tr>
<th>Indicator</th>
<th>SD</th>
<th>D</th>
<th>U</th>
<th>A</th>
<th>SA</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>There has been increase in the number of new customers after strategic business automation process.</td>
<td>3</td>
<td>14</td>
<td>3</td>
<td>20</td>
<td>26</td>
<td>68</td>
</tr>
<tr>
<td></td>
<td>(4.55%)</td>
<td>(21.21%)</td>
<td>(4.55%)</td>
<td>(30.30%)</td>
<td>(39.39%)</td>
<td></td>
</tr>
<tr>
<td>Customer turnover has grown after the bank opened more branches outside the country.</td>
<td>5</td>
<td>7</td>
<td>3</td>
<td>16</td>
<td>35</td>
<td>68</td>
</tr>
<tr>
<td></td>
<td>(7.58%)</td>
<td>(10.61%)</td>
<td>(4.55%)</td>
<td>(24.24%)</td>
<td>(53.03%)</td>
<td></td>
</tr>
<tr>
<td>There has been high sales turnover due to high number of customers the bank has.</td>
<td>6</td>
<td>3</td>
<td>2</td>
<td>25</td>
<td>30</td>
<td>68</td>
</tr>
<tr>
<td></td>
<td>(9.09%)</td>
<td>(4.55%)</td>
<td>(3.03%)</td>
<td>(37.88%)</td>
<td>(45.45%)</td>
<td></td>
</tr>
</tbody>
</table>

Table 4.3 above indicates that 69.69% of the participants agreed (39.39% strongly agreed, 30.30% agreed) that there has been increase in the number of new customers after strategic business automation process. 25.76% disagreed (4.55% strongly disagreed, 21.21% disagreed). Only a small percentage (4.55%) remained undecided. The highest percentage (77.27%) of the respondents in the study area agreed that customer turnover has grown after the bank opened more branches outside the country. These results align to a study conducted by Harzing, (2015) which found that, a larger player has an advantage in negotiations with suppliers and channel members than a smaller player in the industry has. This could mean that, expanding to foreign markets has enabled KCB to be more competitive in the industry which has ultimately resulted to increased performance in terms of market share growth.

Additionally, table 4.3 above also show that 83.33% agreed (45.45% strongly agreed, 37.88 agreed) that there has been high sales turnover due to high number of customers the bank has. 13.64% disagreed (9.09% strongly disagreed, 4.55% disagreed) while 3.03 remained undecided. This could be explained by the fact that KCB is the largest bank in terms of assets and market share in the region. The findings are in line with Karl, (2013) who averred that if an organization can simplify and optimize an operation.
procedure internally, it will increase overall productivity, and the company can provide faster responses to customers and become more competitive in the market.

4.5 Respondents on Strategic Business Expansion and Market Share Growth

The author was interested to know the effect of strategic business expansion on market share growth of KCB.

Respondents were asked to indicate their level of agreement/disagreement on the effect of strategic business expansion on market share growth.
Table 4.4: Respondents on Strategic Business Expansion and Market Share Growth.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>SD</th>
<th>D</th>
<th>U</th>
<th>A</th>
<th>SA</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic business expansion has changed the product benefits to provide</td>
<td>10</td>
<td>14</td>
<td>7</td>
<td>14</td>
<td>20</td>
<td>68</td>
</tr>
<tr>
<td>more value to the customer by improving product quality</td>
<td>(15.38%)</td>
<td>(21.54%)</td>
<td>(10.77%)</td>
<td>(21.54%)</td>
<td>(30.77%)</td>
<td></td>
</tr>
<tr>
<td>Bank’s market share has been improving over the years.</td>
<td>6</td>
<td>9</td>
<td>4</td>
<td>19</td>
<td>27</td>
<td>68</td>
</tr>
<tr>
<td>Strategic expansion has increased the intensity of distribution in each</td>
<td>8</td>
<td>5</td>
<td>2</td>
<td>21</td>
<td>28</td>
<td>68</td>
</tr>
<tr>
<td>channel.</td>
<td>(12.50%)</td>
<td>(7.81%)</td>
<td>(3.13%)</td>
<td>(32.81%)</td>
<td>(43.75%)</td>
<td></td>
</tr>
<tr>
<td>Strategic expansion has added new distribution channels.</td>
<td>7</td>
<td>8</td>
<td>3</td>
<td>27</td>
<td>20</td>
<td>68</td>
</tr>
<tr>
<td>The bank has entered to the high end of the market.</td>
<td>6</td>
<td>2</td>
<td>4</td>
<td>29</td>
<td>24</td>
<td>68</td>
</tr>
<tr>
<td>The bank has recruited agencies to help in marketing and selling (including</td>
<td>4</td>
<td>6</td>
<td>4</td>
<td>19</td>
<td>31</td>
<td>68</td>
</tr>
<tr>
<td>agency banking).</td>
<td>(6.25%)</td>
<td>(9.38%)</td>
<td>(6.25%)</td>
<td>(29.69%)</td>
<td>(48.44%)</td>
<td></td>
</tr>
<tr>
<td>The bank has introduced new demographic segments.</td>
<td>7</td>
<td>5</td>
<td>5</td>
<td>23</td>
<td>24</td>
<td>68</td>
</tr>
<tr>
<td>The bank has entered into strategic alliances in the last 5 years.</td>
<td>7</td>
<td>4</td>
<td>6</td>
<td>19</td>
<td>29</td>
<td>68</td>
</tr>
<tr>
<td>The bank has merged with or acquired another institution recently.</td>
<td>10</td>
<td>2</td>
<td>5</td>
<td>21</td>
<td>27</td>
<td>68</td>
</tr>
<tr>
<td>The bank has opened a branch/subsidiary in a foreign county recently.</td>
<td>6</td>
<td>4</td>
<td>3</td>
<td>25</td>
<td>26</td>
<td>68</td>
</tr>
</tbody>
</table>

Table 4.4 above shows that 51.31% of the participants agreed (30.77% strongly agreed, 21.54% agreed) that strategic business expansion has changed the product benefits to
provide more value to the customer by improving product quality. 36.92% disagreed (15.38% strongly disagreed, 21.54% disagreed) while 10.77% of the participants remained undecided.

These results align to Santomero, (2013) who posit that expansion strategies include market expansion strategies, product innovation and diversification, regional and international expansion. The results could mean that large banks like KCB are associated with economies of scale and scope, ease of access to credit financing from international banks like World Bank and International Monetary Fund (IMF) to facilitate research and development among other innovations.

Further findings in table 4.4 also show that 70.77% agreed (41.54% strongly agreed, 29.23 agreed) that the bank’s market share has been improving over the years. 23.08% disagreed (9.23% strongly disagreed, 13.85% disagreed) while 6.15 remained undecided. This could imply that KCB has adopted expansion strategies to introduce new products and services to new and existing markets.

Further results show that the highest percentage of participants (76.56%) agreed that strategic expansion has increased the intensity of distribution in each channel. 20.31% disagreed while 3.13% remained neutral. This is supported by another study conducted by Martinez and Jarillo (2012) which indicated that an increased geographical spread of risks associated with cross-border business expansion may improve the banks’ risk/expected return trade-off.

As per the results in table 4.4 above, 72.31% of the participants interviewed agreed that strategic expansion has added new distribution channels. Moreover 81.54% agreed (36.92% strongly agreed, 44.62% agreed) that the bank has entered to the high end of the market. 12.31% disagreed while 6.15% remained undecided. The findings are supported by Kamau, (2014) who asserted that the major strategic alternatives of market expansion are market concentration versus market diversification.

78.13% agreed (48.44% strongly agreed, 29.69% agreed) that the bank has recruited agencies to help in marketing and selling (including agency banking). 15.63% disagreed (6.25% strongly disagreed, 9.38% disagreed) and 6.25% were undecided. This could mean that KCB has made substantive decisions regarding identification of potential markets and determination of some order of priorities for entry into new markets.
It is also clear from table 4.4 above that 63.44% agreed with the statement that the bank has introduced new demographic segments. This could be explained by the introduction of KCB youth loan (2JI4JIRI). 17.75% disagreed while 7.81% remained undecided. Further results indicate that 73.85% agreed that the bank has entered into strategic alliances in the last 5 years, 16.92% disagreed while only 9.23% remained undecided. Moreover, the results show that 73.85% agreed that the bank has merged with or acquired another institution recently. 18.46% disagreed while 7.69% remained neutral. The findings are in line with a study conducted by Makau, Gatwiri and Okibo (2014) which showed that Kenya has the most diversified, mature financial sector in East Africa. This could be attributed to the strides in recent years particularly in retail banking, mobile money and related services, and regional expansion.

4.6 Respondents on the extent to which Strategic Business Expansion affect Market Share Growth.

In this section, respondents were asked to indicate the extent to which strategic business expansion influence market share growth of the bank.

![Figure 4.2: Respondents on Strategic Business Expansion and Market Share Growth.](image)

As illustrated in figure 4.2 above, the results indicate that the effect of strategic business expansion on market share growth of the bank was good (29.23%). Followed by (26.15%) depicting that the effect of strategic business expansion on market share growth of the bank was excellent. 23.08% indicated that the effect of strategic business
expansion on market share growth of the bank was very good. The smallest percentages showed that the effect of strategic business expansion on market share growth of the bank was very poor followed by fair (9.23% and 12.31% respectively). The findings could mean that, since the bank is the market leader it has influence that it can use to its advantage and does not adopt strategic expansion to gain reputation. The findings are supported by Nzau (2014), who argued that expansion as a strategic market share growth option is particularly relevant in developing countries like Kenya because of very low product penetration and consumption levels.

4.7 Respondents on Strategic Business Process Automation.

Respondents were asked to indicate their level of agreement/disagreement on the effect of business processes automation on market share growth.
Table 4.5: Respondents on Strategic Business Process Automation.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>SD</th>
<th>D</th>
<th>U</th>
<th>A</th>
<th>SA</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic automation has Changes product attributes to provide more value to the customer by improving service quality</td>
<td>10 (15.38%)</td>
<td>14 (21.88%)</td>
<td>3 (4.69%)</td>
<td>21 (32.81%)</td>
<td>16 (25.00%)</td>
<td>68</td>
</tr>
<tr>
<td>Strategic automation is adopted to a very great extent in the company</td>
<td>3 (4.76%)</td>
<td>8 (12.70%)</td>
<td>8 (12.70%)</td>
<td>27 (42.86%)</td>
<td>17 (26.98%)</td>
<td>68</td>
</tr>
<tr>
<td>The bank has intensive technological innovations</td>
<td>7 (11.11%)</td>
<td>4 (6.35%)</td>
<td>5 (7.94%)</td>
<td>23 (36.51%)</td>
<td>24 (38.10%)</td>
<td>68</td>
</tr>
<tr>
<td>Strategic automation has enhanced services with added advantages</td>
<td>4 (6.25%)</td>
<td>6 (9.38%)</td>
<td>2 (3.13%)</td>
<td>30 (46.88%)</td>
<td>22 (34.38%)</td>
<td>68</td>
</tr>
<tr>
<td>The bank is growing and expanding at a faster rate now than in the past 10 years</td>
<td>12 (18.75%)</td>
<td>6 (9.38%)</td>
<td>3 (4.69%)</td>
<td>23 (35.94%)</td>
<td>20 (31.25%)</td>
<td>68</td>
</tr>
<tr>
<td>Customer satisfaction has improved greatly</td>
<td>8 (13.11%)</td>
<td>3 (4.92%)</td>
<td>4 (6.25%)</td>
<td>17 (27.87%)</td>
<td>30 (49.18%)</td>
<td>68</td>
</tr>
<tr>
<td>The bank’s product/service quality has improved for the last 5 years</td>
<td>4 (6.25%)</td>
<td>7 (10.94%)</td>
<td>1 (1.56%)</td>
<td>21 (32.81%)</td>
<td>31 (48.44%)</td>
<td>68</td>
</tr>
<tr>
<td>The bank has entered into strategic alliances in the last 5 years</td>
<td>7 (10.77%)</td>
<td>4 (6.15%)</td>
<td>6 (9.23%)</td>
<td>19 (29.23%)</td>
<td>29 (44.62%)</td>
<td>68</td>
</tr>
<tr>
<td>Strategic business automation has played a key role in the market share growth of the bank</td>
<td>8 (12.50%)</td>
<td>9 (14.06%)</td>
<td>3 (4.69%)</td>
<td>20 (31.25%)</td>
<td>24 (37.50%)</td>
<td>68</td>
</tr>
</tbody>
</table>

Table 4.5 shows that 52.81% agreed with the statement that strategic automation has changed product attributes to provide more value to the customer by improving service quality, 37.26% disagreed while 4.69% remained undecided. This is attributed by the many ATMs across the country and the mobile banking platform the bank has launched.
in the recent years. The results are supported by a study conducted by Bill (2014) which indicated that automation of activities can enable businesses to improve performance, by reducing errors and improving quality and speed, and in some cases achieving outcomes that go beyond human capabilities.

Further findings indicate that 69.84% of the participants agreed that strategic automation is adopted to a very great extent in the company, 17.46% disagreed while 12.70% were undecided.

Additionally, table 4.5 above revel that 74.61% agreed with the statement that the bank has intensive technological innovations, 17.46% disagreed and 7.94% remained undecided. This could mean that the bank is financially healthy to undertake such cost intensive strategies.

Another 81.26% of the participants agreed that strategic automation has enhanced services with added advantages, 15.63% disagreed while 3.13% remained neutral. The results are supported by Ansoff (2014) who posit that the effects of automation can interact with labor market skills and supply. This means that the bank has minimal human resource overheads. 67.19% of the participants interviewed agreed that the bank is growing and expanding at a faster rate now than in the past 10 years, 28.13% disagreed with the statement. This means that the bank has a strong customer base in the region. This is in line with a study conducted by Cytonn investments (2016) which indicated that KCB was ranked as the largest local bank in terms of market share and assets with branches across the entire east Africa region.

More results show that 68.75% of the participants agreed with the statement that strategic business automation has played a key role in the market share growth of the bank, 26.56% disagreed while 4.69% remained undecided. This is supported by a study conducted by Osbome (2014) on ATM services which revealed that, the impact of automated services in terms of their perceived ease of use, transaction cost and service security had a positive and significant effect on banks market share growth.
4.8 Respondents on Challenges Facing Strategic Business Expansion and Process Automation.

Respondents were asked to indicate their level of agreement/disagreement on the challenges the bank is facing in achieving success in strategic business expansion and process automation.

Table 4.6: Respondents on Challenges Facing Strategic Business Expansion and Process Automation.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>SD</th>
<th>D</th>
<th>U</th>
<th>A</th>
<th>SA</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic expansion has increased advertising expenditures</td>
<td>18</td>
<td>11</td>
<td>3</td>
<td>16</td>
<td>16</td>
<td>68</td>
</tr>
<tr>
<td>(28.13%)</td>
<td>(17.19%)</td>
<td>(4.69%)</td>
<td>(25.00%)</td>
<td>(25.00%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>There is lack of access to distribution channels</td>
<td>7</td>
<td>9</td>
<td>5</td>
<td>20</td>
<td>23</td>
<td>68</td>
</tr>
<tr>
<td>(10.94%)</td>
<td>(14.06%)</td>
<td>(7.81%)</td>
<td>(31.25%)</td>
<td>(35.94%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Governments’ regulatory policies have blocked expansion to foreign countries.</td>
<td>3</td>
<td>5</td>
<td>7</td>
<td>21</td>
<td>28</td>
<td>68</td>
</tr>
<tr>
<td>(4.69%)</td>
<td>(7.81%)</td>
<td>(10.94%)</td>
<td>(32.81%)</td>
<td>(43.75%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managers make decisions without involving other shareholders</td>
<td>5</td>
<td>7</td>
<td>2</td>
<td>24</td>
<td>26</td>
<td>68</td>
</tr>
<tr>
<td>(7.81%)</td>
<td>(10.94%)</td>
<td>(3.13%)</td>
<td>(37.50%)</td>
<td>(40.63%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial health of the bank has hindered expansion to foreign countries</td>
<td>8</td>
<td>4</td>
<td>4</td>
<td>23</td>
<td>25</td>
<td>68</td>
</tr>
<tr>
<td>(12.50%)</td>
<td>(6.25%)</td>
<td>(6.25%)</td>
<td>(35.94%)</td>
<td>(39.06%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business culture has blocked strategic business automation of the bank</td>
<td>5</td>
<td>5</td>
<td>1</td>
<td>27</td>
<td>26</td>
<td>68</td>
</tr>
<tr>
<td>(7.81%)</td>
<td>(7.81%)</td>
<td>(1.56%)</td>
<td>(42.19%)</td>
<td>(40.63%)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 4.6 shows that 50% of the respondents agreed with the statement that strategic expansion has increased advertising expenditures, 45.32% disagreed while 4.69% remained undecided. This may suggest that any expansion or automation strategy is highly associated with increases in market share and strategic management efficiency than scale and scope economies.
Further findings indicate that 76.56% of the participants agreed that Governments’ regulatory policies have blocked expansion to foreign countries. 12.50% disagreed while 10.94% were undecided.

Additionally, table 4.6 above revealed that 78.13% agreed with the statement that managers make decisions without involving other shareholders, 18.75% disagreed and 3.13% remained undecided. This could mean that the bank experiences resistance to change because of lack of clear communication channels from top to bottom.

Another 74.96% of the participants agreed that financial health of the bank has hindered expansion to foreign countries, 18.75% disagreed while 6.15% remained neutral. The findings contradict with earlier results in table 4.6 that the bank has intensive technological innovations. The results are also contrary to another study conducted by Cytonn investments (2016) which indicated that KCB was ranked as the largest local bank in terms of market share and assets with branches across the entire east Africa region. 67.19% of the participants interviewed agreed that the bank is growing and expanding at a faster rate now than in the past 10 years, 28.13% disagreed with the statement. This means that the bank has a strong customer base in the region. This is in line with a study conducted by Cytonn investments (2016) which indicated that KCB was ranked as the largest local bank in terms of market share and assets with branches across the entire east Africa region.

More results show that 82.82% of the participants agreed with the statement that business culture has blocked strategic business automation of the bank, 15.62% disagreed while 1.56% remained undecided.

4.9 Pearson’s Correlation on Strategic Business Process Automation and Market Share Growth at KCB

Pearson correlation is a measure of the strength and direction of association that exists between two variables measured on at least an interval scale. In this case the researcher used Pearson correlation to understand whether there is a relationship between strategic business process automation and market share growth at KCB using the given formula:
\[ r = x = \frac{n(\Sigma xy) - (\Sigma x)(\Sigma y)}{\sqrt{n\Sigma y^2 - (\Sigma x)^2}[n\Sigma y^2 - (\Sigma y)^2]} \]

\[ \Sigma x = 462 \]
\[ \Sigma y = 386 \]
\[ \Sigma xy = 2645 \]
\[ \Sigma x^2 = 4242 \]
\[ \Sigma y^2 = 2942 \]
\[ N = \text{sample size} = 68 \]

Therefore correlation coefficient =
\[ \frac{68(2645) - (462)(386)}{\sqrt{68(2942) - (462)^2}[68x2942-386^2]} \]
\[ = 0.0146 \]

The range of the correlation coefficient is from -1 to 1.

-1 denotes a perfect negative relationship;
- 0.5 denotes moderate negative relationship;
0 denotes no linear relationship;
0.5 denotes moderate positive relationship; while
1 denotes a perfect positive relationship.

The results above indicate; 0.0146 or 1.46% meaning that the two variables, i.e. strategic business process automation and market share growth have a positive linear correlation.

4.10 Chi Square Test on Strategic Business Expansion and Market Share Growth

A chi square tests to see whether distributions of categorical variables differ from each other. It shows any discrepancies between the expected results and the actual results. The data used in calculating a chi square statistics must be drawn from independent variables, must be random, raw, mutually exclusive, and drawn from a large enough
sample. A very small chi square test statistic means there is a relationship while a very large chi square test statistic means no relationship.

In this section, the researcher sought to determine the effect of strategic business expansion on market share growth at KCB.

**Table 4.7: Chi square test statistic**

<table>
<thead>
<tr>
<th>Strategic expansion</th>
<th>Category</th>
<th>Observed</th>
<th>Expected</th>
<th>Residual</th>
<th>(Obs-Exp)²</th>
<th>(Obs-Exp)²/ Expected</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Growing existing operations</td>
<td>11</td>
<td>10.136</td>
<td>0.864</td>
<td>0.746496</td>
<td>0.073647987</td>
</tr>
<tr>
<td></td>
<td>Restructuring</td>
<td>7</td>
<td>10.136</td>
<td>-3.136</td>
<td>9.834496</td>
<td>0.970254144</td>
</tr>
<tr>
<td></td>
<td>Franchising</td>
<td>14</td>
<td>10.136</td>
<td>3.864</td>
<td>14.930496</td>
<td>1.473016575</td>
</tr>
<tr>
<td></td>
<td>Strategic alliance</td>
<td>12</td>
<td>10.136</td>
<td>1.864</td>
<td>3.474496</td>
<td>0.342787687</td>
</tr>
<tr>
<td></td>
<td>Merger</td>
<td>12</td>
<td>10.136</td>
<td>1.864</td>
<td>3.474496</td>
<td>0.342787687</td>
</tr>
<tr>
<td></td>
<td>Acquisition</td>
<td>12</td>
<td>10.136</td>
<td>1.864</td>
<td>3.474496</td>
<td>0.342787687</td>
</tr>
<tr>
<td></td>
<td>Chi square</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>3.545281768</strong></td>
</tr>
</tbody>
</table>

The results in table 4.7 shows that the calculated value is 3.5452 which is bigger than the critical values for chi square. Therefore the results conclude that there is a significant association between strategic business expansion and market share growth of the bank.

**4.11 Chapter Summary**

The demographics revealed that most participants are within the productive age (25-35) that can contribute a lot for their performance. The findings in this chapter also showed that most participants are either diploma or university degree holders as indicated by the statistics. More than half of the respondents in the study area agreed that customer turnover has grown after the bank opened more branches outside the country. A smallest percentage of participants indicated that the effect of strategic business expansion on market share growth of the bank was very poor. More than half of the respondents in the study area indicated that strategic automation has changed product attributes to provide more value to the customer by improving service quality.
Further, the chapter indicated that all participants agreed unanimously that expansion or automation strategy is highly associated with increases in market share and strategic management efficiency than scale and scope economies. Additionally, the results indicated that governments’ regulatory policies have blocked expansion to foreign countries. Finally, the results conclude that there is a significant association between strategic business expansion and market share growth of the bank.

The following chapter (chapter 5) discussed the implications of the primary study and the recommendations.
CHAPTER FIVE

5.0 DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This was the final chapter of the study. It summarized the findings of the primary study, drew conclusions based on the findings of the study, provided recommendations as well as insight in the areas for further research. The following specific objectives guided the chapter: - to determine the effect of strategic business expansion on market share growth at KCB; to establish the influence of strategic business process automation on market share growth at KCB; and to establish the challenges of strategic business expansion and process automation faced by the Commercial Banks in Kenya.

5.2 Summary of Findings

The study identified that most of the respondents were within the age category of 25-34 years followed by age category 35-34. The study also found that more than half of the respondents interviewed are either a degree holder or a diploma holder. According to the findings of this study, all respondents were unanimous that the organization uses strategic business expansion and automation strategies with an aim to enhance market share growth and in order to survive the turbulent business environment present in the banking sector. More than half of the respondents indicated that the bank saw an increase in the number of new customers after strategic business automation process. Expanding to foreign markets has enabled KCB to be more competitive in the industry which has ultimately resulted to increased performance in terms of market share growth.

The study also established that strategic business expansion has changed the bank’s product benefits to provide more value to the customer by improving product quality. More than half of the respondents were unanimous that the bank’s market share has been improving over the years. It was also determined that the bank has recruited agencies to help in marketing and selling (including agency banking). The bank did not formulate strategy of merging where banks combine their operations in order to achieve operating economies, strengthen company’s competencies and competitiveness and open avenues of new markets and opportunities. However, more than seventy percent
of the respondents indicated that the bank has entered into strategic alliances like Safaricom limited company to provide online banking services. Findings also established that strategic automation has changed product attributes to provide more value to the customer by improving service quality. The bank has many ATMs across the country as well as mobile banking platform. More than half of the respondents indicated that the bank has intensive technological innovations.

The study also established that there were various challenges experienced by the bank while formulating strategic business expansion and process automation such as increased advertising expenditures, governments’ regulatory policies have blocking expansion to foreign countries, financial health of the bank hindering expansion to foreign countries, internal disagreements on strategy to pursue or effectiveness and efficiency of implementation team.

5.3 Discussion

5.3.1 Effect of Strategic Business Expansion on Market Share Growth at KCB.

Expansion strategies include market expansion strategies, product innovation and diversification, regional and international expansion. Majority of the respondents agreed that strategic business expansion on market share growth of the bank was good. The study findings established that more than half of the participants agreed that customer turnover has grown after the bank opened more branches outside the country. Expanding to foreign markets has enabled KCB to be more competitive in the industry which has ultimately resulted to increased performance in terms of market share growth.

Respondents agreed unanimously that there has been high sales turnover due to high number of customers the bank has. If an organization can simplify and optimize an operation procedure internally, it will increase overall productivity, and the company can provide faster responses to customers and become more competitive in the market (Karl, 2013). Literature reviewed established that a larger player in the market has an advantage in negotiations with suppliers and channel members than a smaller player in the industry has. The literature review has revealed that economies of scale and scope, ease of access to credit financing from internal banks like World Bank and International
Monetary Fund (IMF), brand visibility and allegiance, significant resources to foster research and development, valuable patents and competences among others are among the key effects of business expansion (Aldrich, 2011).

Based on the understanding that larger banks have higher survival rates and firm size economies of scale are related (Porter, 2015) argues that firm market share growth is seen as an important indicator of firms’ health and market potential. Mukule (2014) posit that banks must adopt expansion strategies to introduce new products and services. More than half of the participants in this study agreed that strategic business expansion has changed the product benefits to provide more value to the customer by improving product quality. This means that KCB will continue being the market leader if it continues to offer value to customers’ money.

The findings of this study established that strategic expansion can increase the intensity of distribution in each channel. This was also reported by Martinez and Jarillo (2012) who argued that an increased geographical spread of risks associated with cross-border business expansion may improve an institution’s risk/expected return trade-off. Chi-square test statistic reported a significant association between strategic business expansion and market share growth of the bank. This is supported by Karl (2013) who averred that if an organization can simplify and optimize an operation procedure internally, it will increase overall productivity, and the company can provide faster responses to customers and become more competitive in the market.

**5.3.2 Influence of Strategic Business Process Automation on Market Share Growth at KCB.**

More than half of the respondents agreed unanimously that the bank has adopted strategic automation to a very great extent. The findings of the study established that strategic automation has changed product attributes to provide more value to the customer by improving service quality. The findings revealed that strategic automation has enhanced services with added advantages. Automation of activities as established by the literature review can enable businesses to improve performance, by reducing errors and improving quality and speed, and in some cases achieving outcomes that go beyond human capabilities. The study confirmed that Information and communication
technology (ICT) has increasingly stimulated expansion of the banking networks and range of the offered services during recent years.

Findings of the study revealed that more than seventy percent of the respondents agreed unanimously that the bank’s market share has been improving over the years. Literature review established that ATM services had a positive and significant effect on banks market share growth. ATMs’ perceived ease of use, transaction cost and service security have positive and significant effect on banks market share growth (Osborne, 2014). The study findings also showed that strategic expansion has increased the intensity of distribution in each channel. Increased geographical spread of risks associated with cross-border business expansion may improve the banks’ risk/expected return trade-off.

The literature review established that mobile bank services enhance operations and customer satisfaction in terms of flexibility of time, added value in terms of speedy handling of volume transactions. This means that automation through M-banking can provide banking services via a mobile phone device to the unbanked even in the remote areas and hence expanding customer base by targeting the unbanked. More than half of the respondents in the study agreed that strategic business automation has played a key role in the market share growth.

The findings of the study also established a positive linear correlation between strategic business process automation and market share growth. This was amplified by Adewoye (2013) who posits that new technologies and the pace of innovation are reshaping bank business and operating models, and influencing the shape and dynamics of the broader financial services ecosystem. Literature review indicated that early adopters of new technologies stand to gain a significant advantage in relation to competitors. For instance, Idris (2014), is of the view that Automated teller machine (ATM) among others is one of the services introduced by banks with the objective of providing customers quick access to their finances, as well to reduce cost of such access.

5.3.3 Challenges of Strategic Business Expansion and Process Automation Faced by the Commercial Banks in Kenya.

It has been found that the cost of automation affects the firm case for implementation (Thompson, 2015). The study established that developing and engineering automation
technologies takes intensive capital. Literature review revealed that the costs of managing complexities can run as high as 15 to 20 per cent of total business costs in global organizations (Hookes, 2016; & Lawrence, 2014). More than half of the respondents indicated that strategic expansion has increased advertising expenditures. This may suggest that any expansion or automation strategy is highly associated with increases in market share and strategic management efficiency which goes to mean that greater efficiencies will produce significant financial results.

The literature review indicated that the effects of automation can interact with labor market skills and supply. However, the literature contradicts with the current findings which showed that more than half of the participants agreed unanimously that managers make decisions without involving other shareholders. This could mean bad for the employees who could lose jobs to machines. Conversely, employees might take time to retrain into other high skill positions, delaying their re-entry into the labor force, and temporarily reducing labor supply (Mwendwa, 2014).

The study findings also established that government regulations can block expansion strategies. More than seventy five percent of respondents agreed that Governments’ regulatory policies have blocked expansion to foreign countries. Another challenge which came out strongly was the capability to finance the processes. The results also showed that managers make decisions without involving other shareholders, a situation which could bring resistance to change because of lack of clear communication channels from top to bottom.

The results are amplified by Frey (2015) who asserted that while globalization of many regional businesses has generated opportunity in terms of expanding the marketable universe, it has also brought about business challenges. Literature has shown that the expansion of business geography in particular, introduces a multitude of complexities stemming from the need for decentralized decision-making, overlapping regulatory compliance and challenges with respect to achieving economies of scale that become mission critical in terms of achieving an organization’s strategic objectives.

This is supported by another study conducted by Mark (2014) which indicated that complexity of strategic business expansion results from the collective decision-making of management in response to business challenges faced on a daily basis. The more this
decision-making is conducted de-centrally, or with an approach that fails to appreciate the impact that a decision will cause in other areas of the business, the more layers of complexity are added.

5.4 Conclusions

5.4.1 Effect of Strategic Business Expansion on Market Share Growth at KCB.

The study established that there was a significant association between strategic business expansion and market share growth of the bank as indicated by the chi square test. The study has confirmed that process automation has dramatically streamlined a wide variety of back office processes in the banks that once bogged down bank workers. The study has found that by shifting much of these tedious, manual tasks from human to machine, banks have been able to significantly reduce the need for human involvement, which has had a direct impact on everything from performance and efficiency levels to staffing issues and expenses. It is clear from the study findings that if banks can simplify and optimize an operation procedure internally, it will increase overall productivity, and the bank can provide faster responses to customers and become more competitive in the market.

5.4.2 Influence of Strategic Business Process Automation on Market Share Growth at KCB.

The findings of the study have confirmed a positive linear correlation between strategic business process automation and market share growth at KCB. Results of the study showed that strategic business automation has played a key role in the market share growth of the bank. The study has found that strategic automation has enhanced services with added advantages. This was amplified by Bill (2014) who indicated that automation of activities can enable businesses to improve performance, by reducing errors and improving quality and speed, and in some cases achieving outcomes that go beyond human capabilities. Literature has shown that business process automation and the pace of innovation are reshaping bank business and operating models, and influencing the shape and dynamics of the broader financial services ecosystem. Early adopters of business process automation stand to gain a significant advantage in relation to competitors.
5.4.3 Challenges of strategic business expansion and process automation faced by the Commercial Banks in Kenya.

Literature reviewed argued that government policies, financial muscle are the major drawbacks for strategic management practices like automation and expansion by bank. The findings of this study identified business culture and poor communication channel from top to bottom as the emerging challenges facing implementation of strategic management practices. The literature review also has demonstrated that expansion decisions are more complex than investment decisions because they involve many domains. The study established that strategic business expansion has substantial intangible implications which may not be the case with investment whereby an investor's sole purpose is to maximize his wealth, but banks might be having objectives other than just making profit like employment generation, brand imaging, entering new market segments, strategic move, forward integration, and backward integration.

5.5 Recommendations

5.5.1 Recommendation for Improvement

5.5.1.1 To determine the effect of strategic business expansion on market share growth at KCB.

The Financial Sector has a tremendous need for process automation and the success of this industry has been the driving force of innovation. The business requires the real-time exchange of data and files in different formats with many partners. They need to automate complex processes involving data access and transformation, and also need to eliminate manmade errors and delays in their operations. Freeing people from work best suited for machines will allow organizations to maximize personnel’s output and optimize the speed and efficiency of their business processes.

5.5.1.2 To establish the influence of strategic business process automation on market share growth at KCB.

Through artificial intelligence, banks can maximize efficiency and keep costs as low as possible while also maintaining maximum security levels. The study recommends that, in order for banks to remain competitive in an increasingly saturated market, especially
with the more widespread adoption of virtual banking, banks must find a way to deliver
the best possible user experience to their customers. The study found that advertising
expenditure increments and share of the available distributions can increase share of
voice. The study therefore recommends that this can be increased through more
intensive distribution.

5.5.1.3 To establish the challenges of strategic business expansion and process
automation faced by the Commercial Banks in Kenya.

Banks whose success is based on brand development, consistency and organisational
or process excellence franchising could well be the right strategy for growth. The study
therefore recommends that for KCB and other commercial banks to undertake
expansion strategies should ensure that they use the best strategies for expansion, be
financially stable to implement the expansion, ensure that there is an attractive market
before expanding and have appropriate and adequate workforce to implement the
expansion. The banks should also ensure that they have adequate distribution channels
to reach all the consumers. For example, marketing automation tools can considerabl
improve productivity by automating and buying, quickly and efficiently distributing
email-marketing campaigns, and basing customer communication off of buying history
and trends. They should also consider the government policy that can affect the choice
and implementation of the expansion strategy.

5.5.2 Recommendations for Future Studies.

The study targeted only one bank (KCB) which makes it impossible to generalize the
findings. The study recommends a comparative study to determine the effect of
strategic business expansion on market share growth in Kenya.

Additionally, the study utilized a cross sectional research design which cut across the
various KCB branches in Nairobi County alone. The study recommends a
phenomenological approach which is particularly effective at bringing to the fore the
experiences and perceptions of individuals from their own perspectives. It will help
commercial banks to illuminate the specifics and identify phenomena through how they
are perceived by the actors in a situation.
The study also recommends more mixed research method designs for impact evaluations, as qualitative data can enable a richer understanding of how and why management of strategic expansion can influence market share growth.
REFERENCES


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Waweru, K. (2014). Adoption of the Marketing Concept, the Case of Kenya Financial Institutions, Unpublished project, University of Nairobi.


APPENDIX A: LETTER TO THE PARTICIPANTS

RICHARD N. MATHU

P. O. Box - 00100

NAIROBI

Dear Sir/Madam

RE: REQUEST FOR PARTICIPATION IN A RESEARCH STUDY

I am a final year Master of Business Administration (Strategic Management) student at United States International University (USIU). I am currently undertaking a research on “INFLUENCE OF STRATEGIC BUSINESS EXPANSION AND PROCESS AUTOMATION ON MARKET SHARE GROWTH: A CASE OF KENYA COMMERCIAL BANK”

I will be grateful if you could spare sometime from your busy schedule and fill in the questionnaire provided. All the information provided will be purely used for academic purposes and your identity will be treated with utmost confidentiality.

Thank you.

Yours faithfully,

Richard N. Mathu

Tel. +254720901628

Nairobi, Kenya
PART A: BACKGROUND INFORMATION

Please tick (✓) as appropriate

1. Please indicate your age bracket
   
   20 - 29 years [ ]
   30 – 39 years [ ]
   40 – 49 years [ ]
   Above 50 years [ ]

2. Level of education
   
   Diploma [ ]
   Higher National Diploma [ ]
   Bachelors Degree [ ]
   Masters [ ]
   PhD [ ]

3. How many years have you worked for the bank?
   
   Less than 2 years [ ]
   3-5 years [ ]
   6-10 years [ ]
   Over 10 years [ ]
PART B: MARKET SHARE GROWTH

4. What is your level of agreement/disagreement with the following statements that relate to market share growth in your bank?

(Use a scale of 1-5: 5- Strongly agree; 4-Agree; 3-Neutral; 2- disagree; 1- strongly disagree)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>There has been increase in the number of new customers after strategic</td>
<td></td>
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<tr>
<td>business automation process.</td>
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<tr>
<td>Customer turnover has grown after the bank opened more branches outside</td>
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<tr>
<td>the country.</td>
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<tr>
<td>There has been high sales turnover due to high number of customers the</td>
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<tr>
<td>bank has.</td>
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</tbody>
</table>
PART C: STRATEGIC BUSINESS EXPANSION

5. What is your level of agreement/disagreement with the following statements that relate to the effect of strategic business expansion on market share growth in your bank?

(Use a scale of 1-5: 5- Strongly agree; 4-Agree; 3-Neutral; 2- disagree; 1- strongly disagree)

<table>
<thead>
<tr>
<th>Statements regarding business expansion</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic business expansion has changed the product benefits to provide more value to the customer by improving product quality</td>
<td></td>
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<tr>
<td>Bank’s market share has been improving over the years</td>
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<tr>
<td>Strategic expansion has increased the intensity of distribution in each channel</td>
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<tr>
<td>Strategy expansion has added new distribution channels</td>
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<tr>
<td>The bank has entered to the high end of the market</td>
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<tr>
<td>The bank has opened branches in all major towns</td>
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<tr>
<td>The bank has recruited agencies to help in marketing and selling (including agency banking)</td>
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<tr>
<td>The bank has introduced new demographic segments</td>
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<tr>
<td>The bank has entered into strategic alliances in the last 5 years</td>
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<tr>
<td>The bank has merged with or acquired another institution recently</td>
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<tr>
<td>The bank has opened a branch/subsidiary in a foreign county recently</td>
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</tbody>
</table>
6. We are interested in learning whether or not strategic business expansion affect market share growth of your bank. (Please tick the choices below that describes your market share growth in the past six months).

- a) Excellent
- b) Very good
- c) Good
- d) Fair
- e) Poor

PART D: STRATEGIC BUSINESS PROCESS AUTOMATION

7. What is your level of agreement/disagreement with the following statements that relate to the effect of business processes automation on market share growth in your bank?

(Use a scale of 1-5: 5- Strongly agree; 4-Agree; 3-Neutral; 2- disagree; 1- strongly disagree)

<table>
<thead>
<tr>
<th>Statement regarding business process automation</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic automation has Changes product attributes to provide more value to the customer by improving service quality</td>
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<tr>
<td>Strategic automation has is adopted to a very great extent in the company</td>
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<tr>
<td>The bank has intensive technological innovations</td>
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<tr>
<td>Strategic automation has enhanced services with added advantages</td>
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<tr>
<td>The bank is growing and expanding at a faster rate now than in the past 10 years</td>
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</tr>
</tbody>
</table>
Customer satisfaction has improved greatly
The bank’s product/service quality has improved for the last 5 years
Strategic business automation has played a key role in the market share growth of the bank

PART E: CHALLENGES OF STRATEGIC BUSINESS EXPANSION AND PROCESS AUTOMATION FACED BY THE BANKS.

8. Mention any 6 challenges the bank is facing in achieving success in strategic business expansion and process automation?
   a. ..............................................................
   b. ..............................................................
   c. ..............................................................
   d. ..............................................................
   e. ..............................................................
   f. ..............................................................

9. What is your level of agreement/disagreement with the following statements that relate to challenges the bank is facing in achieving success in strategic business expansion and process automation?
   (Use a scale of 1-5: 5- Strongly agree; 4-Agree; 3-Neutral; 2- disagree; 1- strongly disagree)

<table>
<thead>
<tr>
<th>Statement</th>
<th>1</th>
<th>2</th>
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</thead>
<tbody>
<tr>
<td>Strategic expansion has increased advertising expenditures</td>
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<tr>
<td>There is lack of access to distribution channels</td>
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<td>Governments’ regulatory policies have blocked expansion to foreign countries.</td>
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<td>Managers make decisions without involving other shareholders</td>
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<td>Financial health of the bank has hindered expansion to foreign countries</td>
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<td>Business culture has blocked strategic business automation of the bank</td>
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THANKYOU FOR YOUR CO-OPERATION
**APPENDIX C: KCB BRANCHES IN NAIROBI COUNTY**

| 1. | Biashara Branch                  |
| 2. | Buruburu branch                 |
| 3. | Capital hill Branch             |
| 4. | Eastleigh Branch                |
| 5. | Gateway Branch                  |
| 6. | Hamburg branch                  |
| 7. | Industrial area branch          |
| 8. | Jogoo Road Branch               |
| 9. | Karen Branch                    |
| 10. | Kawangware branch               |
| 11. | Kimathi Branch                  |
| 12. | Kipande Branch                  |
| 13. | Mashariki branch                |
| 14. | Milimani Branch                 |
| 15. | Moi Avenue Branch               |
| 16. | Prestige plaza branch           |
| 17. | River Road Branch               |
| 18. | Sarit branch                    |
| 19. | Tom mboya branch                |
| 20. | University way branch           |
| 21. | Village market branch           |