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TURNAROUND STRATEGIES AND COMPETITIVE ADVANTAGE IN LISTED COMMERCIAL BANKS IN KENYA

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Abstract

Over the years banking in Kenya has experienced stiff challenges. These challenges include collapse of other banks, merging of banks, technology being disrupted especially part of mobile banking, globalization and external threats like telecommunications firms as key players in the provision of financial service. The general objective of the study is to examine the influence of turnaround strategies and competitive advantage in listed commercial banks in Kenya. Specifically, this study sought to evaluate how expanding branch networks strategy focusing on strengthening relationship management strategy may affect competitive advantage in listed commercial banks in Kenya. The study was guided by Ansoff matrix theory and commitment-trust theory. This study adopted a descriptive research design. The study targeted all the 43 commercial banks. The target population was 129 management employees in these commercial banks. The study used census method. This research used a questionnaire to collect primary data. Five questionnaires were piloted that represented 10% of the target population. The study collected quantitative data which was analysed using descriptive and inferential statistics using the Statistical Package for Social Sciences (SPSS) version 24. Multivariate linear regression was used to determine the relationship between the dependent and independent variables. The study results were presented through use of tables. The study concludes that expanding branch networks has a significant effect on competitive advantage in listed commercial banks in Kenya. The study also concludes that relationship management has a significant effect competitive advantage in listed commercial banks in Kenya. The study recommends commercial banks to allocate resources for ongoing research and development activities. This can involve establishing dedicated teams or collaborating with external entities to identify emerging trends, customer needs, and technological advancements. Given the influence of ICT and the use of technology by households on competitive advantage, it is crucial for commercial banks in Kenya to forge strategic partnerships with technology companies and fintech startups.

Key Words: *Turnaround Strategies, Expanding Branch Networks, Strengthening Relationship Management, Competitive Advantage*

INTRODUCTION

Turnaround strategies are sustaining positive change in the performance of a business to obtain desired results. According to Statistics by (Schmitt and Raisch 2018) banking world is increasingly becoming competitive due to changes in the external environment characterized by risks and uncertainties of new technologies. Commercial banks like any other industry have experienced massive turnaround strategies over the years, this is necessitated by need to meet customers demand and ever changing needs. To remain relevant banks had to adopt turnaround strategies like continuous innovation, branding and marketing, expanding branch networks and strengthening customer relationship. While commercial banks in Kenya may offer similar products and services, what differentiates one bank from another is the uniqueness of the service being offered, target market and recognize the importance of innovation to maintain sustainability (Susan, 2017).

Study by Sylvia (2018) for commercial banks in Kenya to maintain competitive advantage, they need to re adjust and realign themselves. Banking is a service oriented industry and therefore customer is the focus, strengthening customer relationship is a major differentiating factor. With stiff competition being witnessed in banks, banks are targeting special segments like Muslims, women, Chama's and athletes. For instance, National Bank of Kenya (NBK) ABSA Bank have special category for Muslim customers. Standard chartered bank have DIVA club account targeting women in investment. Banks are working hard to remain competitive by seeking closer relationship with target customers and maintain customer loyalty to outshine competitors.

In USA a study by Barker (2017) stated that declining firms influence the odds of successful turnaround attempts. In the US the study showed that single business firms experienced significance performance declines between 1987 and 2005. The results show the odds of turnaround attempt success increase when firms CEOs paid more attention to issues external to the organization and when the causes of decline were attributed to factors perceived as more controllable to the firm. Amount of strategic change launched by declining firms during turnaround attempts had a positive association with the chances of successful turnaround.

Italian study by Alessandro, magno and dossena (2018) conducted an in depth analysis of 262 debt restructuring agreement plans that occurred between 2005 and 2013 in 16 bankruptcy courts. These represented 12% of courts in Italy. Their study confirmed that, willingness to modify the structure of a firm, and the necessity to have new skills will bring the positive changes and complete the turnaround strategy. The report of Alessandro *et al.(2018*)assessed the success of a restructuring plan was focused mainly on measures belonging to managerial, operational and financial restructuring, they considered selling of assets, financing and new capitalization in the form of new money and debt equity swaps.

A study by mcunukelwa (2019) in South Africa, showed that local government is in distress, municipalities faced serious challenges such as, lack of service delivery, poor financial management and weak integration development. Mcunukelwa (2019) research found that to improve the performance of municipalities, the national government approved a turnaround strategy that served a country wide intervention with the aim to address the community's increasing dissatisfaction with poor municipal services as well as to improve the administrative and financial performance of all municipalities.

When the South Sudanese boom happened in 2009, the Company saw itself rising to the challenge and made significant investments in South Sudan's foreign exchange sector as part of its expansionist policy. This investment would make the company's financial status even much better as it was the beginning of the achievement of its multinational dream. The South Sudanese arm was a source of capital and did great in maintaining the company's liquidity in balance.

Timugiibwa (2018) found that In August 2016, the financial situation of the company worsened, and the profits of the company drastically went down. Its operating expenses and liabilities were soared. The company with Board guidance decided to pursue turnaround strategies, key among which was increase strategic orientation, closure of South Sudanese Branch, significant Board changes, and small-scale restructuring among others.

Central bank of Kenya is the primary regulator of the banking industry. Some banks belong to local individuals/ companies while others belong to foreign individuals or organization. Another classification of banks is by nature that is microfinance bank and commercial banks. Central bank of Kenya (CBK) which governs banks further classifies commercial banks based on their assets. Tier 1 banks are large banks that have got hundreds of billions in assets not likely to collapse financially, these are the top banks in Kenya. Tier 2 banks are medium sized banks while tier 3 consists of small banks. In 2017 this number stood at 42.

Currently there are 28 domestic and 14 foreign commercial banks with branches, agencies, and other outlets throughout the country; one mortgage finance company; eight representative offices of foreign banks; eleven licensed deposit taking microfinance institutions; 49 insurance companies; the Post Office Savings Bank with a large network of branches around the country; 79 foreign exchange (forex) bureaus; three licensed credit reference bureaus, 14 money remittance providers and about 200 deposit-taking licensed savings and credit cooperative organizations (SACCOs) with a membership of over 3 million Kenyans.

Statement of the Problem

Commercial banks in Kenya have been registering declined performance since late 2016 with pre-tax profit decreasing by 9.6%, total income decreasing by 3.1%, total expenses and a consistent decline in Return on equity and return on assets at an average rate of 0.6% and 3.8% respectively (CBK, 2019). Chase Bank experienced liquidity troubles, a case that led to its placement under receivership. The CBK put two other banks, Dubai Bank of Kenya and Imperial Bank Kenya into receivership due to misappropriation of depositors' funds, embezzlement of the respective banks' assets that flaunted regulatory rules (CBK, 2019). In addition, the National Bank of Kenya was termed to be struggling with the effect of massive reclassification of outstanding loans showing an overstatement of performing loans leading to an increase of the provision for bad debts (CBK, 2019). Otieno (2018) indicates that over the years banking in Kenya has experienced stiff challenges. These challenges include collapse of other banks, merging of banks, technology being disrupted especially part of mobile banking, globalization and external threats like telecommunications firms as key players in the provision of financial service (central bank of Kenya 2020).

Chirchir and juma (2016) recommended that there is a gap that banks should continue having innovative strategy since it's highly critical for banks to survive, apart from innovation alone. Banks should embrace strategies of marketing their products widely, expanding their branch network and customers for them to survive and sustain competitive advantage. John (2017) found that innovation improved banks image, provided easily access to services, offered simple, cost effective and value added services to their customers. Hultén, (2018) states that marketing Statistics and branding do not affect banks satisfaction but affects customers trust. Although many research are available for marketing, branding, promotions and advertisements, very few study talk about how to position a brand to compete effectively. There is a requirement for in-depth search to propose a definite roadmap for marketing and branding strategy to have a process that keeps their brand, focus on their marketing, build and maintain their strategy.

Sylvia (2019) stated that due increased competition from new banks forced customers who were reluctant to switch banks are now demanding for better services and are willing to switch banks. Strengthening, developing and maintaining loyal customer relationship has increased banks' profits, competitiveness, and improved communication links. However little research has been obtained on how to strengthen customer relationship and maintain high customer levels since all banks offer nearly similar products. Therefore this study sought to examine influence of turnaround strategies on competitive advantage in listed commercial banks in Kenya.

General objectives

The general objective of the study is to examine the influence of turnaround strategies and competitive advantage in listed commercial banks in Kenya.

Specific objectives

i. To evaluate how expanding branch networks strategy may affect competitive advantage in listed commercial banks in Kenya.
ii. To examine how focusing on strengthening relationship management strategy may affect competitive advantage in listed commercial banks in Kenya.

LITERATURE REVIEW

Theoretical review

Ansoff matrix theory

The Ansoff Matrix was developed by H. Igor Ansoff and first published in the Harvard Business Review in 1957, in an article titled "Strategies for Diversification. It is widely used in business management and marketing to help organizations identify growth strategies by examining their current products and markets. The matrix provides a framework for considering four growth strategies which include; Market Penetration, Market Development, Product Development and Diversification.

Market penetration is the first strategy in the Ansoff Matrix and involves selling existing products to existing markets. Companies aim to increase market share, boost sales, or capture a larger share of their current customer base. This often entails strategies like aggressive marketing, pricing adjustments, or product improvements to gain a competitive edge in familiar markets. Market development involves expanding into new markets with existing products. Companies seek to tap into new customer segments, geographic regions, or distribution channels. This strategy can be useful when a company's current market is saturated, and growth opportunities are limited. It requires market research, adaptation of products or services, and effective marketing to cater to the needs of the new market.

Product development strategy entails creating new products or improving existing ones to cater to the needs of current markets. Companies invest in research and development to introduce innovative offerings that can attract existing customers and potentially gain new ones. This strategy often requires substantial investment in product design, testing, and marketing to ensure successful adoption. Diversification is the most risky and complex strategy in the Ansoff Matrix. It involves entering entirely new markets with new products or services. Companies seek to reduce risk by spreading their portfolio across different industries or businesses. Diversification can be either related (entering a new market that is somehow connected to the existing business) or unrelated (venturing into entirely unrelated markets). Successful diversification often requires extensive research, resources, and careful strategic planning.

Commitment -Trust Theory

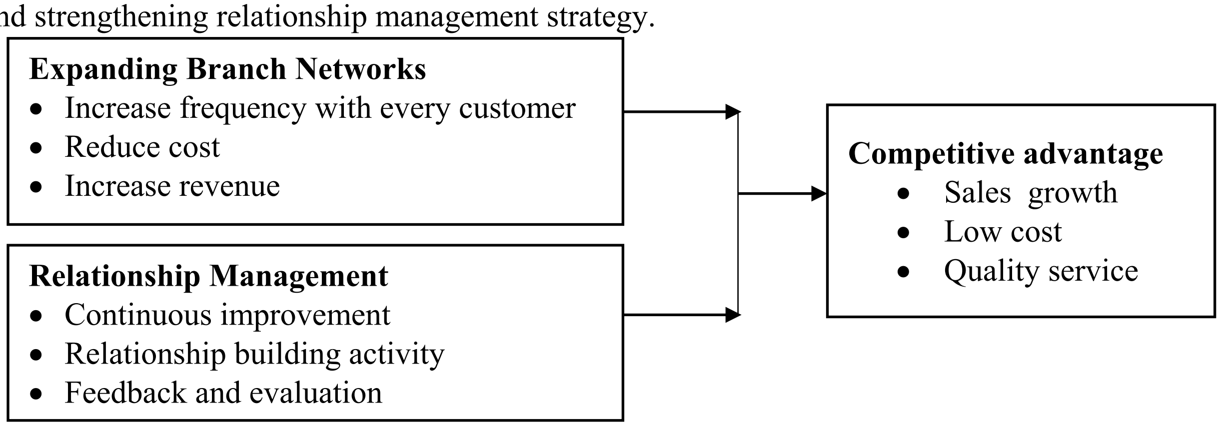
The Commitment-Trust Theory is a well-known framework in the field of relationship marketing, particularly in the context of business-to-business (B2B) relationships. This theory was developed by Morgan and Hunt in 1994 and has since been widely studied and applied in various marketing and management contexts. The Commitment-Trust Theory, often referred to as the "relationship marketing theory," seeks to explain and predict the dynamics of long-term business relationships. It is based on the fundamental premise that relationships between firms are built on two key components: commitment and trust.

Commitment, in the context of this theory, refers to the intention and willingness of one party to maintain and develop an ongoing relationship with another party. Commitment can be further divided into affective commitment (emotional attachment and identification), continuance commitment (the perceived need to maintain the relationship), and normative commitment (a sense of obligation). These different dimensions of commitment work together to create a strong bond between the parties involved. Trust, on the other hand, represents the belief that one party can rely on the other party to act in a consistent, honest, and dependable manner.

The Commitment-Trust Theory suggests that the strength and longevity of a business relationship depend on the levels of commitment and trust between the parties. High levels of commitment and trust lead to more stable, enduring relationships, while low levels may result in the termination or deterioration of the relationship. This theory also highlights the reciprocal nature of commitment and trust, as one party's actions can influence the other party's perceptions and behaviors. Sylvia (2018) commitment-trust relationship building encourages cooperation between two parties, discourages banks from putting short term alternative clients instead of long term clients. Strengthening relationships involves bonding with customers by meeting their needs and honoring their commitment, eventually customers will trust such banks.

Conceptual framework

The dependent variable is competitive advantage of listed commercial banks in Kenya while independent variable are turnaround strategies which include expanding branch network strategy and strengthening relationship management strategy.



Independent variables **dependent variable**

Figure 1: Conceptual Framework

Expand Branch Network Strategy

Kandagor & Esther (2020) significant branch network expansion and transformation is needed in the banking sector to optimize, reimage and modernize the banking sector through the application of transformation strategy to create competitive advantage for commercial banks I Kenya. Banks having branches expansion is considered one of the greatest tool in accessing customers, increasing market share, attracting new customers and gaining competitive advantage. Due to high level of competition, banks have been forced to have expansion strategies at the branch level, the aim of this strategy by the researchers is to create loyalty, customer and stakeholder satisfaction and increase market share for competitive advantage.

Kandagor & Esther (2020) branch expansion strategy stresses the application of fundamental strategy that is aimed at optimizing and modernizing branch network through strategic customer-centricity, strategic staffing and operation excellence in order to gain competitive advantage. Ellarmann, kreutter and messner 2016) stated that significant branch expansion, customer centric, strategic staffing is vital for the branches to survive. Therefore offering customers from different branch networks seamless, digital unified experience becomes a vital strategy for gaining competitive advantage.

Strengthen Relationship Management Strategy

According to the research by (Schultz, Castello, and Morsing 2013; Park, Lee, and Kim 2014).banks have perceived strengthening relationship management to increase sustainability as a means to have higher reputation. As (Barney 1991) states that bank is believed to be gaining competitive advantage when it is creating a value added strategy that the competitor is not implementing and cannot be able to duplicate that strategy. (Barney 1991). Research by (azadeh et al. 2017) states that strengthening relationship strategy has a significant contribution in turning around the growth of banking sector in Kenya to gain competitive advantage. Currently leading banks are using data mining analysis tool for customer relationship management, identify customer banking tradition making the customers life banking easier, better and seamless thus turning around from the normal operation to advance personalized attention.

(Tsou 2022) states that through extracting preexisting data, banks are able to build long term profitable relationship with its customers. This relationship management strategy most competitive banks are able to give personalized service to their selected clientele, the leading competitive bank can be able to monitor their customer credit card usage pattern and advise accordingly. Raheem (2023) the main objective of having activities like trainings, seminars and workshops for their clients is to target, sustain them and to ensure survival and continuity of the sustainable competitive advantage

Kotler and Armstrong (2018) In order to maximize productivity banks need feedback to meet the various demand of customers. Banks may need such feedback to make changes to their operations so that they can be efficient and competitive. Feedback may assist banks is establishing marketing strategy, relationship management gaps and build strong strategic motivation link between competitive banks and their clients thus sustaining competitive advantage in the industry.

Empirical review

Expand Branch Networks

Cristina and Paola (2018) the need for banks to remain competitive and successful in the long term has created the concept of branch expansion that is expanding, developing other branches in a different geographical location. Over the last few decades there has been a shift in the branch distribution channels from headquarters to other geographical areas. Branch expansion has only benefited banks who have more diversified products. Larger banks like Equity bank have been neutralized by branch expansion.

Kondo (2018) stated that establishing more branches is effective in increasing the total number of loans discounted by each banks, because commercial banks with many branches can make contact with many customers, on the other hand return on equity on commercial banks with many branches were found to be lower. Regarding banks' profits and sales, establishing many branches and maintaining branch networks can have negative effect. Statistics suggest that branch expansion and income diversification brings stability to banks while income diversification does not

Strengthening Relationships

Today's world is one where customers have a lot of options of product vendors, which makes them very picky, meaning that customers have a higher rate of expectation and zero level of tolerance. These and other major factors like intense competition, undifferentiated products have resulted in the need for relationship building. Gronroos (2018) Relationship building is a new paradigm shift and practice used in a number of banks to acquire and retain customers and most importantly to build and maintain customer relationship and loyalty. The need for firms to remain competitive and successful in the long term has created the concept of Relationship building, that is, establishing, developing, and maintaining successful relational exchanges.

Panda (2019) the banking industry traditionally offers products and services that are simply commodities. Essentially, there are little or no differentiations in products and services banks offer to their customers. However, where there is no differentiation, there is no competition because most of the core products and services banks offer to customers are commodities, it is difficult for them to compete. To differentiate their products and services, build long-term relationships, and gain competitive edge banks must embrace customer relationship strategy.

METHODOLOGY

Research Design

This study adopted a descriptive research design. This is a scientific method of investigation in which data is collected, processed, analyzed and presented in order to describe the current conditions, terms or relationships concerning a certain field (Mugenda, 2018). A scientific method involves observation and description of behavior of subject without influencing it in any way. The choice of this research design was influenced by the fact that it caters for qualitative and quantitative data (Cooper & Schindler, 2019).

Target Population

Target population refers to entire set of individuals, objects and events that have the same characteristics that has to be observed and measured (Kothari, 2017). According to (CBK Report, 2020) there are 43 commercial banks. The study targeted all the 43 commercial banks. The target population was management employees in these commercial banks. In every commercial banks, the study targeted 3 management level employees (Top manager, middle level manager and lower level manager. This implies that the total target population was 129 respondents.

Sample size

Due to the number of the population this study employed census. Survey conducted on the full set of observation belonging to a given population.

Data Collection Instruments

This research used a questionnaire to collect primary data. Questionnaires were preferred because they are effective data collection instruments that allow respondents to give much of their opinions pertaining to the research problem (Dempsey, 2017). According to Kothari (2018), the information obtained from questionnaires is free from bias and researchers' influence and thus accurate and valid data was gathered. The preference for the questionnaire is based on the premise that it gives respondents freedom to express their views or opinions more objectively.

Pilot Study

A pilot test was conducted to assess the questionnaire's validity and reliability of the data that was collected. According to Copper and Schindler (2017), a pilot test is conducted to detect weaknesses in the design and instrumentation and provide a proxy data for selection of probability sample. According to Leedy and Ormrod (2019), a pilot study is an excellent way to determine the feasibility of the study. The subjects participating in the pilot study were not included in the final study to avoid survey fatigue. Five questionnaires were piloted that represented 10% of the target population.

Data Analysis and Presentation

The study collected quantitative data from closed- ended questions. The analysis involved both the descriptive and inferential statistics using the Statistical Package for Social Sciences (SPSS) version 24. The collected data was further analyzed using multi linear regression to determine the relationship between the dependent and independent variables. The data presentation was done by use of tables.

The research model that guided this study was as shown below:

$Y= \beta_0 + \beta_1X_1 + \beta_2X_2 + \varepsilon$

Where:

Y= Competitive advantage in listed commercial banks in Kenya

β_0 = Constant

β_{1-2}= Beta coefficients

X_1= Expanding branch networks strategy

X_2 = Strengthening relationship management strategy

ε = Error term

FINDINGS AND DISCUSSIONs

Descriptive Statistics Analysis

Expanding Branch Networks Strategy and Competitive Advantage

The first specific objective the study was to determine how expanding branch networks strategy influences competitive advantage in listed commercial banks in Kenya. The respondents were requested to indicate their level of agreement on statements relating to expanding branch networks strategy and competitive advantage in listed commercial banks in Kenya. A 5 point Likert scale was used where 1 symbolized strongly disagree, 2 symbolized disagree, 3 symbolized neutral, 4 symbolized agree and 5 symbolized strongly agree. The results are as shown in Table 1.

From the results, the respondents agreed that the growth of their branch network is a critical component of their competitive strategy. This is supported by a mean of 4.444 (std. dv = 0.500).

In addition, as shown by a mean of 4.333 (std. dv = 0.670), the respondents agreed that their bank has a strategic plan for expanding their branch network in Kenya. Further, the respondents agreed that they have successfully increased their presence in underserved regions through branch network expansion. This is shown by a mean of 4.222 (std. dv = 0.632).
With a mean of 4.222 (std. dv = 0.418), the respondents agreed that they regularly evaluate the geographical distribution of our branches to identify growth opportunities. Further, with a mean of 4.222 (std. dv = 0.632), the respondents agreed that expanding their branch network has allowed us to gain a competitive edge in the Kenyan banking industry. The respondents also agreed that their branch network plays a vital role in their ability to reach and serve a wider customer base. This is shown by a mean of 4.111 (std. dv = 0.316).

Table 1: Expanding Branch Networks Strategy

	Mean	Std. Deviation
Our bank has a strategic plan for expanding our branch network in Kenya.	4.333	0.670
The growth of our branch network is a critical component of our competitive strategy.	4.444	0.500
We have successfully increased our presence in underserved regions through branch network expansion.	4.222	0.632
Our branch network plays a vital role in our ability to reach and serve a wider customer base.	4.111	0.316
We regularly evaluate the geographical distribution of our branches to identify growth opportunities.	4.222	0.418
Expanding our branch network has allowed us to gain a competitive edge in the Kenyan banking industry.	4.222	0.632
Aggregate	**4.259**	**0.528**

Strengthening Relationship Management Strategy

The second specific objective the study was to determine how strengthening relationship management strategy influences competitive advantage in listed commercial banks in Kenya. The respondents were requested to indicate their level of agreement on statements relating to branding and marketing strategy and turnaround strategies and competitive advantage in listed commercial banks in Kenya. A 5 point Likert scale was used where 1 symbolized strongly disagree, 2 symbolized disagree, 3 symbolized neutral, 4 symbolized agree and 5 symbolized strongly agree. The results are as shown in Table 2.
From the results, the respondents strongly agreed that relationship management is a central pillar of their bank's strategy to excel in the Kenyan banking market. This is supported by a mean of 4.778 (std. dv = 0.418). In addition, as shown by a mean of 4.667 (std. dv = 0.474), the respondents strongly agreed that they place a high priority on building long-lasting, trust-based relationships with their customers. Further, the respondents strongly agreed that their bank actively invests in technology to support relationship management and enhance customer experiences. This is shown by a mean of 4.667 (std. dv = 0.474).
With a mean of 4.444 (std. dv = 0.500), the respondents agreed that strengthening customer relationships is fundamental to their competitive advantage. Further, with a mean of 4.333 (std. dv = 0.474), the respondents agreed that they measure the success of their relationship

management strategy through customer retention and loyalty. The respondents also agreed that their relationship managers are trained to understand and cater to the unique needs of each customer. This is shown by a mean of 4.222 (std. dv = 0.418).

Table 2: **Strengthening Relationship Management Strategy**

	Mean	**Std. Deviation**
Relationship management is a central pillar of our bank's strategy to excel in the Kenyan banking market.	4.778	0.418
We place a high priority on building long-lasting, trust-based relationships with our customers.	4.667	0.474
Our relationship managers are trained to understand and cater to the unique needs of each customer.	4.222	0.418
Strengthening customer relationships is fundamental to our competitive advantage.	4.444	0.500
Our bank actively invests in technology to support relationship management and enhance customer experiences.	4.667	0.474
We measure the success of our relationship management strategy through customer retention and loyalty.	4.333	0.474
Aggregate	**4.519**	**0.460**

Competitive Advantage in Listed Commercial Banks in Kenya

The respondents were requested to indicate their level of agreement on various statements relating to competitive advantage in listed commercial banks in Kenya. A 5 point Likert scale was used where 1 symbolized strongly disagree, 2 symbolized disagree, 3 symbolized neutral, 4 symbolized agree and 5 symbolized strongly agree. The results were as presented in Table 3.

From the results, the respondents strongly agreed that their organization has grown in terms of sales. This is supported by a mean of 4.778 (std. dv = 0.418). In addition, as shown by a mean of 4.444 (std. dv = 0.500), the respondents agreed that the market share in their organization has improved due to effective competitive strategies adopted. Further, the respondents agreed that the quality of services in their organization has improved. This is shown by a mean of 4.222 (std. dv = 0.632). With a mean of 4.222 (std. dv = 0.418), the respondents agreed that they are satisfied with the level of competitive advantage in their organization. Further, with a mean of 3.556 (std. dv = 0.836), the respondents agreed that the cost of operation in their organization has greatly reduced.

Table 3: **Competitive Advantage in Listed Commercial Banks in Kenya**

	Mean	**Std. Deviation**
Our organization has grown in terms of sales	4.667	0.474
The cost of operation in our organization has greatly reduced	3.556	0.836
The quality of services in our organization has improved	4.222	0.632
Am satisfied with the level of competitive advantage in our organization	4.222	0.418
The market share in our organization has improved due to effective competitive strategies adopted	4.444	0.500
Aggregate	**4.222**	**0.572**

Correlation Analysis

The present study used Pearson correlation analysis to determine the strength of association between independent variables (expanding branch networks strategy and relationship management strategy and the dependent variable (competitive advantage in listed commercial banks in Kenya). Pearson correlation coefficient range between zero and one, where by the strength of association increase with increase in the value of the correlation coefficients.

Table 4: Correlation Coefficients

		Competitive Advantage	Expanding Branch Networks Strategy	Relationship Management Strategy
Competitive Advantage	Pearson Correlation	1		
	Sig. (2-tailed)			
	N	126		
Expanding Branch Networks Strategy	Pearson Correlation	.801**	1	
	Sig. (2-tailed)	.003		
	N	126	126	
Relationship Management Strategy	Pearson Correlation	.871**	.179	1
	Sig. (2-tailed)	.000	.083	
	N	126	126	126

From the results, there is a very strong relationship between expanding branch networks strategy and competitive advantage in listed commercial banks in Kenya (r = 0.801, p value =0.003). The relationship was significant since the p value 0.003 was less than 0.05 (significant level). The findings conform to the findings of Hultén (2018) that there is a very strong relationship between expanding branch networks strategy and firms' competitive advantage.

The results also revealed that there was a very strong relationship between strengthening relationship management strategy and competitive advantage in listed commercial banks in Kenya (r = 0.871, p value =0.000). The relationship was significant since the p value 0.000 was less than 0.05 (significant level). The findings are in line with the results of Gronroos (2018) who revealed that there is a very strong relationship between strengthening relationship management strategy and firms' competitive advantage.

Regression Analysis

Multivariate regression analysis was used to assess the relationship between independent variables (expanding branch networks strategy and strengthening relationship management strategy and the dependent variable (competitive advantage in listed commercial banks in Kenya).

Table 5: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.931	.857	.858	.10428

a. Predictors: (Constant), expanding branch networks strategy and strengthening relationship management strategy.

The model summary was used to explain the variation in the dependent variable that could be explained by the independent variables. The r-squared for the relationship between the independent variables and the dependent variable was 0.857. This implied that 85.7% of the variation in the dependent variable (competitive advantage in listed commercial banks in Kenya) could be explained by independent variables (expanding branch networks strategy and strengthening relationship management strategy).

Table 6: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	141.081	2	70.54	1197.62	.000[b]
1	Residual	7.254	123	.0589		
	Total	148.335	125			

a. Dependent Variable: competitive advantage in listed commercial banks in Kenya

b. Predictors: (Constant), expanding branch networks strategy and strengthening relationship management strategy)

The ANOVA was used to determine whether the model was a good fit for the data. F calculated was 1197.62 while the F critical was 3.069. The p value was 0.000. Since the F-calculated was greater than the F-critical and the p value 0.000 was less than 0.05, the model was considered as a good fit for the data. Therefore, the model can be used to predict the influence of expanding branch networks strategy and strengthening relationship management strategy on competitive advantage in listed commercial banks in Kenya.

Table 7: Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.239	0.061		3.918	0.000
	Expanding branch networks strategy	0.354	0.091	0.355	3.890	0.001
	Strengthening relationship management strategy	0.375	0.099	0.376	3.788	0.001

a. Dependent Variable: competitive advantage in listed commercial banks in Kenya.

The regression model was as follows:

$Y = 0.239 + 0.354X_1 + 0.375X_2 + \varepsilon$

The results revealed that expanding branch networks strategy has significant effect on competitive advantage in listed commercial banks in Kenya, β1=0.354, p value= 0.001). The relationship was considered significant since the p value 0.001 was less than the significant level of 0.05. The findings conform to the findings of Hultén (2018) that there is a very strong relationship between expanding branch networks strategy and firms' competitive advantage. In addition, the results revealed that strengthening relationship management strategy has significant effect on the competitive advantage in listed commercial banks in Kenya, $\beta 1=0.375$, p value= 0.001). The relationship was considered significant since the p value 0.001 was less than the significant level of 0.05. The findings are in line with the results of Gronroos (2018) who revealed that there is a very strong relationship between strengthening relationship management strategy and firms' competitive advantage.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

The study concludes that expanding branch networks has a significant effect on competitive advantage in listed commercial banks in Kenya. The study findings revealed that increased frequency with every customer, reduced cost and increase in revenue influences competitive advantage in listed commercial banks in Kenya.

The study also concludes that relationship management has a significant effect competitive advantage in listed commercial banks in Kenya. The study findings revealed that continuous improvement, relationship building activity, feedback and evaluation influences competitive advantage in listed commercial banks in Kenya.

Recommendations

The study recommends commercial banks to allocate resources for ongoing research and development activities. This can involve establishing dedicated teams or collaborating with external entities to identify emerging trends, customer needs, and technological advancements. By consistently innovating in product and service offerings, banks can stay ahead of the competition and address the evolving preferences of their customers. This approach can involve creating new financial products, improving existing ones, and adopting cutting-edge technologies to enhance customer experience.

The study further recommends commercial banks in Kenya to adopt a strategic and data-driven approach when expanding their branch networks. Instead of expanding indiscriminately, banks should analyze market dynamics, customer demographics, and potential demand in specific regions. This targeted expansion can help banks capture the right customer base and increase the frequency of interactions with customers. Moreover, considering the rise of digital banking, banks should also explore hybrid models that combine physical branches with digital channels to provide a seamless and convenient banking experience.

To increase customer frequency and enhance the overall banking experience, commercial banks should invest in innovative technologies. Implementing customer relationship management (CRM) systems, personalized banking apps, and other digital solutions can create a more engaging and convenient experience for customers. This not only increases the frequency of customer interactions but also contributes to cost reduction by automating routine processes.

Suggestions for Further Studies

This study was limited to competitive advantage in listed commercial banks in Kenya, hence the study findings cannot generalized to other financial institutions in Kenya. The study therefore suggests further studies on the influence of turnaround strategies on competitive advantage of other financial institutions in Kenya.

Further, the study found that the independent variables (expanding branch networks strategy, and strengthening relationship management strategy) could only explain 85.7% of competitive advantage in listed commercial banks in Kenya. This study therefore suggests further research on other factors affecting competitive advantage in listed commercial banks in Kenya.

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