A FRAMEWORK FOR CROSS-BORDER BANKING IN EAST AFRICA: A CASE FOR THE KENYA COMMERCIAL BANK

by

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submitted in accordance with the requirements for
the degree of

DOCTOR OF BUSINESS LEADERSHIP

at the

UNIVERSITY OF SOUTH AFRICA

SUPERVISOR: Dr. G.N Molefe

30th November 2017

DECLARATION

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A FRAMEWORK FOR CROSS-BORDER BANKING IN EAST AFRICA: A CASE FOR THE KENYA COMMERCIAL BANK

I declare that the above thesis is my work and that all the sources that I have used or quoted have been indicated and acknowledged by means of complete references.

Signature: **Date**: 25th November 2017

APPROVAL

I hereby certify that **John Michael Maxel Okoche**, DBL-SBL student No. **7836-527-9** undertook his research study entitled ***"The framework for Cross-Border Banking in East Africa: A Case for the Kenya Commercial Bank,"*** under my guidance and supervision.

I confirm that the study was undertaken with due care to professional and ethical conditions. This research study has been submitted for examination with my approval as an academic supervisor for the student for University of South Africa.

DR. G.N. Molefe

Signature *GN Molefe* **Date** *27th November, 2017*

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DEDICATION

I dedicate this thesis to my loving parents, mummy Eseza Phoebe Acham Olemukan and late father, Francis Olemukan. The commitment and dedication to my education right from childhood inspired me to study. My parents unlike other parents, you committed to take me to school despite not having had an opportunity to study. The values planted right from child hood of commitment, devotion and hard work have guided me through challenges.

I would also like to dedicate this work to my late uncle Franklin Kenneth Okallany Okiror for the help and support at the time when hope for continued education had almost been extinguished by lack of school fees. He was also a role model, and a mentor was instrumental in inspiring me towards hard work and self belief.

ACKNOWLEDGEMENT

This study could not have been complete without the constant help and support of individuals and organisations that have been acknowledged. The individuals and organisations mentioned supported the author in different ways from the inception of the proposal to completion of the study. The author would like to individually appreciate individuals that advised, guided, helped, encouraged, supported, and shared their time, knowledge and resources together with expertise. Great appreciation is extended to different organisations that contributed in various ways by providing facilities, resources, and opportunity in undertaking the study. The author would like to appreciate in a unique way individuals and organisations that contributed towards this research.

Special heartfelt appreciation goes to my academic promoter and adviser Dr. G.N. Molefe for his support and guidance. The author would like to appreciate the supervisor for his commitment, patience, and friendly advice in the process of proposal development, data collection and analysis and report writing. This milestone has been achieved through his direction and commitment with love and kindness. Ms. Tumelo Seopa the Programme administrator of Doctoral Studies in the Graduate School of Business University of South Africa was critical for the timely support. The administrator was instrumental in following up with the process with the programme in the graduate school of business. Professor Van De Poll was an encouragement during times of challenges. The professors that attended the three colloquiums and provided criticism in various areas helped in the improvement of this research work. Prof Okharedia and Mgwenya undertook a critical review of my thesis and provided useful feedback facilitating further development of my work.

My appreciation also goes to the top management of Kenya Commercial bank for having given me the opportunity of undertaking this study. Specially the staff the Chief Executive Officer Kenya commercial bank Mr. Joshua Oigara, Kioko the HR Director, Kitheka David, Reginald Kikwai the head strategy, Abdu Jaafar the head of Islamic Banking, Muthoni Njuguna and Robba Ali, Regina , Solomon Malinga and different managers and staff for having supported during the quantitative and qualitative parts of the study. Regulators from the three countries Uganda, Rwanda, and Burundi appreciated for the support.

This study would have not been successful without the support of the data collectors; Obilan Umar Abubaker, Okello Gilbert, Birungi Oliver, Etionu Ronald helped during the process of data collection in Uganda, Rwanda, and Burundi. The exercise would have not been successful without the support by different

managers and employees of Kenya commercial bank who provided information during the process of data collection. Management of the subsidiaries in the three countries together with the headquarters supported the data collection exercise. Netshidzivhani Mbengeni the data analysed from the University of Limpompo is highly appreciated for examining the quantitative data.

I am indebted to my family for the encouragement and bearing with me during the challenging time of academics. My special appreciation to my children Apio Michelle Acham Okoche, Odongo Smith Olemukan Okoche and Okallany Seth Michael Okoche for the love and believe that enabled me to glide through the mountains. The author acknowledges the emotional and moral support that accorded to him by his family.

The author is indebted to the management and staff of Graduate School of Business-School of Business Leadership University of South Africa. Administration of University of South Africa commended for giving the opportunity of achieving my childhood dream of undertaking doctoral studies. The opportunity, moral support, and financial assistance provide to me inform of a bursary enabled me to make my dream. I am grateful for the support accorded to me by Professor Van De Poll during the time for chasing the scholarship.

Most of all, I thank God for having seen me through this challenging process despite all the prevailing challenges.

JMM OKOCHE

ABSTRACT

The study aimed to develop an appropriate cross-border banking framework for competitiveness in East Africa. To this end, Kenya Commercial Bank was chosen as case study, as it allowed for an examination of global, multi-domestic and transnational cross-border competitiveness strategies. The political and sociocultural environments were the moderating variables for the study, while the sub-variables of competitive advantage were efficiency, risk management, learning and innovation.

A mixed methods sequential approach was utilised, with the quantitative approach employing a cross-sectional survey research design as framework, while probability and nonprobability sampling techniques were used for collecting quantitative and qualitative data respectively. Both close- and open-ended questions were used.

The quantitative phase of the study sampled 217 potential participants and received 168 responses, which is a response rate of 77 per cent. Data were analysed using SPSS software, which provided descriptive and inferential statistics. Thereafter, a framework for cross-border banking was developed, using regression analysis.

The qualitative phase of the research employed a case study design, with interviews being conducted with employees of Kenya Commercial Bank. To this end, purposive, convenience and snowball sampling was utilised. In addition, qualitative data were processed and analysed through the use of MAXQDA software.

Trustworthiness and rigour were enhanced by transcribing the interviews and reviewing them for accuracy. The quantitative and qualitative data were subsequently synthesised, taking into account their points of convergence and divergence.

The study finally established that the most appropriate framework for competitiveness was to strategically integrate multi-domestic and global strategies, and moderate these by taking into account prevailing political and sociocultural environments. Elements for global configuration included centralisation, standard procedures, similar policies, organisational structures, global dynamics and global appeal. By contrast, the critical elements for a multi-domestic strategy included decentralisation, different procedures/policies/organisational structures and marketing approaches, flexibility, local responsiveness, as well as local dynamics and local appeal.

JMM OKOCHE

OPSOMMING

Hierdie studie is daarop gemik om ’n gepaste oorgrens-bankweseraamwerk vir mededingendheid in Oos-Afrika te ontwikkel. Met hierdie doel voor oë is die Kenya Commercial Bank as gevallestudie gekies, omdat dit die navorsers in staat gestel het om wêreldwye, multibinnelandse en transnasionale oorgrens-mededingendheid-strategieë te ondersoek. Die politieke en sosiokulturele omgewings is die moderatorveranderlikes vir die studie, terwyl doeltreffendheid, risikobestuur, leer en innovering die subveranderlikes van mededingingsvoordeel is.

’n Opeenvolgende gemengemetodes-benadering is gevolg – die kwantitatiewe benadering maak gebruik van ’n deursnee-opname-navorsingsontwerp as raamwerk, terwyl waarskynlikheid- en nie-waarskynlikheid-steekproefnemingstegnieke gebruik is om onderskeidelik kwantitatiewe en kwalitatiewe data in te samel. Geslote vrae én oop vrae is gebruik.

Tydens die kwantitatiewe fase van die studie is 217 potensiële deelnemers genader en 168 het geantwoord. Die responsiekoers was dus 77 persent. Data is ontleed met behulp van SPSS-sagteware, wat deskriptiewe en inferensiële statistiek opgelewer het. Daarná is daar met behulp van regressie-ontleding ’n raamwerk vir oorgrens-bankwese ontwikkel.

Tydens die kwalitatiewe fase van die navorsing is gebruik gemaak van ’n gevallestudie-ontwerp – onderhoude is gevoer met werknemers van Kenya Commercial Bank. Hiervoor is doelgerigte, gerieflikheids- en toenemende steekproefneming gebruik. Daarby is kwalitatiewe data verwerk en ontleed met behulp van MAXQDA-sagteware.

Betroubaarheid en nougesetheid is bevorder deur die onderhoude te transkribeer en te hersien vir akkuraatheid. Die kwantitatiewe en kwalitatiewe data is daarná saamgevoeg met inagneming van die punte waarop die data ooreenstem en verskil.

Uiteindelik het die studie bepaal dat die mees gepaste raamerk vir mededinging sou wees om multibinnelandse en globale strategieë te integreer en te modereer met inagneming van heersende politieke en sosiokulturele omgewings. Die elemente van wêreldwye konfigurasie sluit in sentralisering; standaardprosedures; ooreenstemmende beleide, organisasiestrukture en globale dinamiek; en globale aantrekkingskrag. Daarenteen sluit die noodsaaklike elemente vir ’n multibinnelandse strategie die volgende in: desentralisering; verskillende prosedures, beleide, organisasiestrukture en bemarkingsbenaderings; buigsaamheid; plaaslike responsiwiteit; plaaslike dinamiek; en plaaslike aantrekkingskrag.

JMM OKOCHE

TSHOBOKANYO

Maikaelelo a thutopatlisiso e ne e le go tlhama letlhomeso le le maleba la go ralala melelwane la kgaisano kwa Aforikabotlhaba. Go fitlhelela seno, go tlhophilwe Banka ya Kgwebo ya Kenya go sekasekwa, ka ntlha ya fa e ne e kgontsha tshekatsheko ya ditogamaano tsa kgaisano tsa selegae-bontsi le ditlamo tse di kgabaganyang ditšhaba le melelwane. Ditikologo tsa sepolotiki le loagosetso e nnile dipharologantsho tse di dirisitsweng mo thutopatlisisong, fa dipharologantshopotlana tsa tshiamelo ya kgaisano e nnile bokgoni, tsamaiso ya matshosetsi, go ithuta le go itlhamela.

Go dirisitswe mokgwa o o tswakantsweng o o sekasekang data go tswa kwa tshimologong, fa mokgwa wa go lekanyetsa dipalopalo ka go dirisa thadiso ya patlisiso e e ralalang maphata e nnile letlhomeso, mme go dirisitswe thekeniki e bannileseabe ba kokoanngwang mo thulaganyong e e nayang batho botlhe ditshono tse di lekanang tsa go ka tlhophiwa le e e sa neyeng batho botlhe ditshono tse di lekanang tsa go ka tlhophiwa go kokoanya data e e ka kgonang go lekanyediwa le e e ka se keng ya kgona go lekanyediwa. Go dirisitswe dipotso tse di batlang karabo ya ee kgotsa nnyaa le tse di batlang tlhaloso.

Legato la patlisiso le le akaretsang dipalopalo le tlhophile batho ba ba ka nnang le seabe ba le 217 mme ga amogelwa tsibogo ya ba le 168, se e leng tsibogo e e lekanang le diperesente tse 77. Go sekasekilwe data go dirisiwa serweboleta sa SPSS, se se tlametseng ka dipalopalo tse di tlhalosang le tse di lebisang kwa ditshwetsong. Morago ga moo go ne ga tlhamiwa letlhomeso la banka e e dirang go kgabaganya melelwane, go dirisiwa tshekatsheko e e lekanyetsang kamano ya dipharologantsho.

Legato la go tlhaloganya mabaka la patlisiso le dirisitse mokgwa wa go lebelela rekoto ya setheo se se rileng, mme go botsoloditswe badiri ba Banka ya Kgwebo ya Kenya. Go fitlhelela seno, go dirisitswe mokgwa wa go tlhopha sampole ka go tlhopha, go dira gore bannileseabe ba ngoke bannileseabe ba isago le go tlhophiwa ga bannileseabe ba ba fa gaufi. Go tlaleletsa foo, data e e sa kgoneng go lekanyediwa e sekasekilwe ka tiriso ya serweboleta sa MAXQDA.

Go okeditswe boikanyego le kelotlhoko ka go gatisa dipotsolotso le go di sekaseka gape go tlhomamisa nepagalo. Data e e kgonang go lekanyediwa le e e sa kgoneng go lekanyediwa di ne tsa kopanngwa, go lebeletswe dintlha tsa tsona tse di golaganang le tse di fapaaneng.

Gape thutopatlisiso e lemogile gore letlhomeso le le maleba go gaisa la kgaisano ke gore go nne le togamaano ya go golaganya ditogamaano tsa selegae le tsa lefatshe, mme di sekasekiwe go etswe tlhoko tikologo e e gona ya sepolotiki le loagosetso. Dintlha tsa thulaganyo e e akaretsang di akareditse go tlisa ditirelo fa lefelong le le lengwe fela, ditsamaiso tse di tlwaelegileng, dipholisi tse di tshwanang, dipopegotheo tsa setheo, diphetogo mo lefatsheng mmogo le kgatlhego mo lefatsheng. Go farologana le seo, dintlha tsa botlhokwa tsa togamaano ya selegae-bontsi e akareditse go tlisa ditirelo fa lefelong le le lengwe fela, dithulaganyo/dipholisi/dipopegotheo tsa setheo tse di farologaneng le mekgwa ya papatso, go obega, tsibogo ya selegae, gammogo le diphetogo tsa selegae le kgatlhego ya selegae.

ABBREVIATIONS AND ACRONYMS

ABEF	Association des Establissements Financiers du Burundi
ATM	Automatic Teller Machines
BCG	Boston Consulting Group
BMCE	Banque Marocaine Du Commerce Exte'rieur
BNR	National Bank of Rwanda
BoB	Bank of Burundi
BoR	Bank of Rwanda
BoSS	Bank of South Sudan
BoT	Bank of Tanzania
BoU	Bank of Uganda
BRB	The Banque de la Republique de Burundi
BRICS	Brazil, Russia, India, China and South Africa
BYC	Banks know Your Customer
CAQDA	Computer Assisted Qualitative Data Analysis
CBK	Central Bank of Kenya
CBR	Central Bank Rate
CDA	Confirmatory Data Analysis
CFA	Confirmatory Factor Analysis
CoS	Colleges of Supervisors
CRB	Credit Reference Bureau
DA	Disagree
DBL	Doctor of Business Leadership
DFI	Direct Foreign Investment

DMNE	Developing Multinational Enterprise
DSE	Dar es Salaam Stock Exchange
EA	East Africa
EDA	Exploratory Data Analysis
EAC	East African Community
EASE	East African Stock Exchange
EAT	East African Treaty
EFA	Exploratory Factor Analysis
FDI	Foreign Direct Investment
FGD	Focus Group Discussion
FIA	Financial Institutions Act
Fin-Tech	Financial Technology
HR	Human Resource
HRM	Human Resource Management
GDP	Gross Domestic Product
GoK	Government of Kenya
ICT	Information Communication and Technology
IMF	International Monetary Fund
IT	Information Technology
KBRR	Kenya Banks Reference Rate
KCB	Kenya Commercial Bank
KCBG	Kenya Commercial Bank Group
KES	Kenya Shillings
KII	Key Informant Interview
KMO	Kaiser Meyer Olkin

KYC	Know Your Customer
MFI	Micro Finance Institution
MCN	Mediated Conflict Neo-Institutionalism
MNC	Multi-National Corporation
MNE	Multinational Enterprise
MoU	Memorandum of Understanding
MTN	Mobile Telephone Network
MSA	Measure of Sampling Adequacy
NACOSTI	National Council of Science, Technology and Innovation
NGO	Non-Governmental Organisation
NS	Not Sure
NSE	Nairobi Security Exchange
PAB	Pan African Banking
PCA	Principal Component Analysis
RAN	Rational Action Neo-Institutionalism
RERC	Research Ethics and Review Committee
RIP	Rest in Peace
RSE	Rwanda Security Exchange
R& D	Research and Development
SA	Strongly Agree
SADC	South African Development Community
SCN	Socio Constructivist Neo-institutionalism
SDA	Strongly Disagree
SME	Small and Medium Enterprises
SPSS	Statistical Package for Social Science

SSA	Sub Saharan Africa
TNC	Transnational Corporation
UBA	United Bank of Africa
UFA	Unclaimed Financial Asset
UFAA	Unclaimed Financial Asset Authority
UNCTAD	United Nations Conference for Trade and Development
UNISA	University of South Africa
US	United States
USD	United States Dollars
USE	Uganda Security Exchange
UShs	Uganda Shillings
WB	World Bank

OPERATIONAL DEFINITIONS

Branch: this is an entity operating as a bank but do not have a separate legal status and are therefore part of the same legal entity as the (foreign) parent bank.

Competing demands: situations when there is a conflict, at least in the short-run, between pursuing both local and global/regional requirements simultaneously (Porter, 2008)

Competitiveness: the ability and performance of the firm to provide services in a given market, about the ability and performance of other firms in the same market (Porter, 2008)

Cross-border: operating in the different territory from the initial home country or headquarters in the process of undertaking banking services

Cross-border bank: this is a bank with a commercial presence outside its home country, by way of at least one branch or subsidiary (Beck et al., 2014).

Cross-border Banking: this is an undertaking by commercial to provide banking services outside the home country

Efficiency: an organisation's ability to accomplish tasks with minimum expenditure of time and effort (Diaconu, 2011)

Financial Technology Company: start-up companies based on using software to provide financial services.

Integration: strategic coordination of activities in the value chain across subsidiaries in multiple markets; the opposite of integration would be completely stand-alone subsidiaries in every market with independent as well as complete stand-alone value chains to serve the local market (Birnik, 2007)

International strategy: involves careful crafting of a single strategy to keep organisational costs low. Involves replication of the home country strategy across the different subsidiaries (Child, 2005)

Learning and innovation: an organisation's ability to acquire knowledge and innovate fast enough to survive and thrive in a rapidly changing environment (Berry, 2014)

Marketing mix: includes customer experience such as brand name, product, offer structure, packaging, advertising, promotion, sales and distribution, customer service, warranties, website and price (Birnik, 2007)

MAXQDA: this is a software program which is designed for computer based for analysis of qualitative and mixed methods data, text and multimedia analysis for scientific, academic, and business institutions supporting research.

Multi-domestic strategy: involves careful crafting of different unique strategies for the different subsidiaries to address unique aspects of subsidiary countries (Gooderham, 2012).

Multinational: the corporation, company or a banking institution operating in more than one country or nations (Child, 2005)

Political environment: the combination or interaction of political and legal elements at the country headquarters and the subsidiaries; these are government actions that affect the operations of a company or business (Shenkar & Luo, 2008)

Representative office: is established by a cross-border bank to market and provide liaison services to the customers.

Responsiveness: defined as decisions taken autonomously by a subsidiary to respond primarily to local customer needs or competitive demands (Porter, 2008)

Risk management: the process of forecasting, identifying, evaluating and implementing appropriate strategies for addressing risks (Torben, 2005)

Socio-cultural environment: the combination or interaction of social and cultural elements; a combination of social and cultural factors in order to influence the business environment (Shenkar & Luo, 2008)

Standardization: the process of making the elements of marketing mix uniform, to at least some extent, across multiple markets; the opposite of standardization would be total autonomy where the local subsidiaries have complete freedom in relation to how to manage the elements of the marketing mix (Diaconu, 2011)

Strategy: an organisation's purposive line of action at home country headquarters and subsidiary level as a means of gaining a competitive advantage (Porter, 2008)

Subsidiary: this is a separate legal entity that may be wholly owned or majority-owned by a bank in another country (Beck et al., 2014).

Transnational Strategy: involves careful crafting of single strategy with differentiation and low cost advantage. The value chain activities are coordinated simultaneously on global and country basis. The strategy combines elements of global and multi-domestic strategy (Child, 2005).

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CHAPTER ONE: ORIENTATION AND OVERVIEW

1.0 Introduction

The chapter introduces the study by providing an orientation and overview of the study. This section highlights the background explicitly, problem statement, purpose, objectives, research questions, research hypotheses, justification, the scope of the study, delimitation of the study, and organisation of the study.

1.1 Background of the Study

1.1.1 Historical Background

At the time of independence, most African countries had banking systems dominated by foreign-owned banks from outside African continent (Beck, Fuchs, Singer & Makaio., 2014), British banks dominated in the British colonies, while French banks did so in the French and Portuguese banks in the Portuguese colonies. This was partly for political reasons, but partly also due to a predetermined outcome negotiated by banks to preserve their market share and avoid competition to extract rents (Austin & Ugochukwu Uche, 2007). The influence of cross-border banking shaped regulatory frameworks that favored former colonies from running branches the former colonies. However, after independence, there was a drive for nationalization of most enterprises as which were owned by colonial powers. Political pressures mounted on newly independent governments to national banks that couldn't discriminate against Africans. Most leaders criticized European banks for discriminating against Africans and African-owned businesses and lending almost exclusively to foreign companies for trade finance and other short-term purposes (*Beck et al., 2014*). The European banks in some countries like Ghana and Uganda maintained their presence with majority shares while in countries like Nigeria and Malawi the foreign banks kept minority shares (Brownbridge and Harvey, 1998), but the influence of these external banks decreased with the emergence of new state-owned with local private banks.

The change of fortunes in the 1980s as a result of economic crises combined with failing domestic policies and external shocks led to a reversal of the nationalization (Beck *et al.,* 2014*)*, therefore leading to liberalization of African economies. Many state-owned banks became insolvent due to political pressure to make unsustainable loans, but also because of lack of technical expertise and poor management Brownbridge and Harvey (1998). This paved the way for emergence of European banks in Africa therefore cross-border banking.

Dynamics in different jurisdictions continued to shape the landscapes in different countries in some African countries especially Nigeria and Kenya the legislation for lower banking requirements enabled the local banks to gain competitiveness by returns in sectors like foreign exchange *(*Beck *et al.,* 2014*).* Specifically, in Kenya prudent management and strong market position of Kenya Commercial Bank, control by government, vibrant competition from the private, spurred innovation and, in the 2000s, provided a platform for cross-border expansion in East Africa (Brownbridge and Harvey (1998). Despite the entry of European banks but the policies adopted by these countries resulted strengthening of local banks dwarfing foreign European banks. This encouraged the African based banks to begin cross-border banking within the region and to bolster their presence in Africa (Beck *et al.,* 2014), physical and economic footprints of the local African Banks has tremendously increased in the last decade.

African cross-border banks have significantly increased from 1995 to 2009 almost doubling from 120 to 227, resulting in a rise of capital from 29 percent to 51 percent (Claessens and van Horen, 2014). The cross-border banks which are incorporated within African continent jurisdictions predominantly South Africa, Morocco, Nigeria, and Kenya have taken on cross-border banking. Beck *et al.,* (2014) explains that Eco bank tripled its affiliate network in Africa between 2000 and 2013 from 11 to 32 countries7; Nigeria's United Bank for Africa increased its footprint from 1 to 19 countries. Morocco's Attijariwafa Bank also expanded its footprint from 1 to 12 countries after acquiring the African interests of the French Crédit Agricole, and Morocco's BMCE went from 2 to 18 countries; Kenya Commercial Bank now has six branches, and yet there was none in 2000 *(*Beck *et al.,* 2014).

The Kenya Commercial Bank (KCB) is a private financial institution established under the Banking and Financial Act No. 57 (2012) of the Republic of Kenya. The bank currently employs more than 6,500 people in all its East African branches. Over time, the Bank has increased the number of customers in the region to 3,300,000 customers with a total of 238 branches, 958 automatic teller machines and 8,100 agents (KCB, 2014). KCB Bank roots trace back to July 1896 when the parent company, KCB Group was established as the National Bank of India (Tyson, 1963). This was followed with merging of National Bank of India with Grindlays Bank to form National and Grindlays Bank (Tyson, 1963; Jones, 1993). Upon independence, the Government of Kenya (GoK) acquired 60% shareholding in National & Grindlays Bank in an effort to bring banking closer to the majority of Kenyans (Jones, 1993). In 1970, the Government took full control of the Bank and renamed it to Kenya Commercial Bank Group. KCB Bank Kenya was largest commercial bank in Kenya with assets of more than US$2.65 billion (Kagwe, 2011). The Bank provides products and services: deposits, savings,

and loans for the customers in Kenya. In the spirit of integration of the East African Community the Bank opened its first branch in Tanzania in 1997. Kenya Commercial Bank went on to establish branches in Uganda, Tanzania, Rwanda and Burundi (which joined the East African Community in 2002). Kenya Commercial Bank is the largest bank in Kenya in terms of market share, liquidity, profitability, and insolvency (Kagwe, 2011). Although the Bank continues to have opportunities, challenges, threats, weaknesses and strengths, it has put in place a strategic plan to guide its operations and development over a long time period. This is through continued expansion in the East African region, refurbishment of branches, improvement in customer service, and rights issues in the Nairobi stock exchange (NSE). This is strategic alignment with dynamics in the market and industry. Innovation has characterized the banking sector in Kenya thus driving competition. Kenya Commercial Bank has embraced the challenge through the use of technology.

1.1.2 Corporate structure and subsidiaries

Kenya Commercial Bank Group, the parent company of KCB Kenya, has the largest branch network in Kenya (168 branches) of all 44 licensed commercial banks in the country (Ratemo, 2011). Kenya Commercial Bank Group stock is traded on East African Stock Exchanges (EASA) under the symbol of KCB; Nairobi Stock Exchange (NSE), Uganda Securities Exchange (USE), Rwanda Stock Exchange (RSE), and Dar es Salaam Stock Exchange (DSE) (Afandi, 2008). Kenya Commercial Bank Group is a parent company for the subsidiaries of the KCB Group of companies; Kenya, Uganda, Rwanda, South-Sudan, Tanzania, Burundi, Foundation Limited, Nairobi, KCB Sports Sponsorship Limited, Nairobi and. Savings & Loan Kenya Limited, Nairobi (KCB, 2014). KCB Bank Kenya, as we now know it, was incorporated in 2015 as a result of the corporate restructure of Kenya Commercial Bank Group (KCB Group) Prior to November 2014, Prior to 2015, KCB Group was both a licensed bank and a holding company for its subsidiaries (Biwott, 2015). Kenya Commercial bank undertook the initiative in compliance with the Kenya Finance Act No.57 of 2012. KCB Group announced in April 2015 of its intention to incorporate a new wholly owned subsidiary, KCB Bank Kenya Limited, to which it would transfer its Kenyan banking business, assets and liabilities. The re-organisation converted KCB Group into a non-trading holding company that owns both banking and non-banking subsidiary companies (Biwott, 2015). The bank is a member of the Kenya Commercial Bank Group with headquarters in Nairobi, Kenya, with subsidiaries in six East African Countries; Kenya, Uganda, Tanzania, Rwanda, Burundi, and South Sudan. By October, 2011 KCB Group was the largest financial services organisation in East Africa, with an estimated asset valuation in excess of US$3 billion (KES: 322 billion), and shareholders' equity in excess of

US$412 million (KES: 41 billion) (Ratemo, 2011). The Group has the widest network of banking outlets comprising over 225 branches and over 400 automated teller machines in East African subsidiaries (Kangethe, 2013).

Kenya Commercial Bank licensed by the national banking regulator of Burundi the Bank of the Republic of Burundi (Ratemo, 2011). At that time, the bank's total assets valued at about US$10 million, with shareholder's equity of about the same amount. KCB Burundi is the 10th and smallest of Burundi's commercial banks (Kagwe, 2011). KCB Burundi commenced provision of banking services on 8 May 2011, having been granted a commercial banking license on 18 April 2012. Kenya Commercial Bank Group became the first financial services group to establish subsidiaries in all the five countries of the EAC (Ratemo, 2011). Kenya Commercial Bank (Rwanda) is a subsidiary bank of Kenya Commercial Bank Group based in Nairobi registered as a commercial bank in Rwanda. The Bank was licensed by a regulator in Rwanda the National Bank of Rwanda (BoR) to provide products and services (BNR, 2015). KCB Rwanda by June 2015 was estimated worth total assets of about US$190.2 million and shareholders' equity of approximately US$16.3 million (Muyagu, 2015a). The bank commenced banking services in the capital city of Rwanda in 2008 upon obtainment of license by National bank of Rwanda (Muyagu, 2015a). Kenya Commercial Bank Rwanda is a 100% subsidiary of the Kenya Commercial Bank Group with a network of fourteen (14) branches across the country (Muyagu, 2015b; KCB Group, 2015).

KCB Tanzania established in 1997 upon the establishment of the East African treaty. KCB Tanzania is one of the twenty-nine (29) banks licensed by the Bank of Tanzania (BoT), the country's banking regulator (Ratemo, 2011). The bank has 12 branches; 7 in Dar es Salaam one each in Arusha, Kilimanjaro, Mwanza, Morogoro, and Zanzibar. The bank branches are linked online with the rest of KCB Group branches in East Africa which makes a total of over 230 offices (Kagwe, 2010). In Uganda, Kenya Commercial bank opened the first chapter in 2007 in Kampala, Uganda's capital city by license Bank of Uganda (Nimubona, 2013) as 100% subsidiary of KCB Group. By December 2011 KCB Uganda had a customer base exceeding 59,140 and customer deposits exceeded US$88 million, accounting for about 3% of bank deposits in Uganda. By November 2014, KCB Uganda had a total of fourteen branches in Central, Western, Eastern and Northern Uganda (TWTR, 2009; Mbatau was Ngai, 2008; Oyulu, 2009; Muhumuza, 2010; Karanja, 2009; Bifubyeka, 2008).

Kenya Commercial Bank South Sudan Limited licensed by the Bank of South Sudan, the national banking regulator to provide financial products and services in South Sudan (Gurtong, 2014). The bank founded in 2005, following the cessation of hostilities between Sudan and South Sudan and signing of the

Comprehensive Peace Agreement (Gridneff, 2013). By 2013 Kenya Commercial Bank Sudan had established 20 branches, serving over 138,000 deposit customers, representing 42% of all banking business in the country at that time (Gridneff, 2013). However, as a result of civil war, KCB South Sudan closed its branches in Malakal, Bentiu, and Bor (Mchira, 2014). Kenya Commercial Bank has increased the number of customers to 3,300,000 with a total of 238 branches, 958 automatic teller machines, and 8,100 agents across the East African region (KCB, 2014). Kenya Commercial bank has subsidiaries with different language and colonial orientations; Kenya and Uganda with an English orientation, Rwanda and Burundi- Francophone orientation. Southern Sudan with an Arabic alignment and Burundi facing civil war affected has put in place a five-year strategic plan for further expansion in the East African region, with planned subsidiaries in Zambia and Democratic Republic of Congo (KCB, 2016). The process of establishing branches across borders requires the development of the cross-border organisation, enhanced efficiency, competitiveness, effective risk management and increased innovation. Global, multi-domestic, and transnational strategies (Harzing, 2000) facilitate attainment of a competitive advantage in the region (Child, Faulkner. & Pitkethly, 2001; Child, 2005).

1.1.3 Cross-border Frameworks

Scholars note the role played by cross-border undertakings in the development of border regions in home and foreign countries (Jørgensen, 2011; Aspelund and Moen, 2005; Crick, 2009; Gabrielsson, Kirpalani, Dirmitratos, Solberg, & Zucchella, 2008a*;* Gabrielsson Gabrielsson., Kirpalani., Dimitratos., Solberg., & Zucchella., 2008b*;* Knight & Cavusgil, 2005). Cross-border ventures apply unique strategies regarding the scope, extent, and speed of internationalization (Johnson, Langley, Melin and Whittington, 2007). Entrepreneurs crossing national borders have to deal with the practical ‘what' and ‘how' aspects of strategic management (Jørgensen, 2011). Modern organisations have to respond to the different environmental dynamics (Verbeke & Kano, 2015). Cui, Griffith, and Cavusgil (2005) argue that companies are proactive participants in the environment and are capable of adapting their strategy to their environment that offers both risks and opportunities. Operational efficiency and effectiveness attained by selecting an appropriate strategy. A firm's operational effectiveness is as a result of congruence of relevant contextual and strategic factors (Cui, Griffith and Cavusgil, 2005). The alignment of diverse strategies is critical for cross-border activity (Aspelund & Moen, 2005; Crick, 2009). Multinationals, therefore, have to adapt to different business environments which include changing customer preferences across various locations (Knight, 2007).

Different scholars list diverse strategies for organizing across borders to gain a competitive advantage but highlight the core strategies as multi-domestic, global, and transnational (Bartlett & Ghoshal, 1989). Child (2005), on the other hand, identifies the core strategies as multi-domestic, international, transnational, and global. When organizing across borders, firms do not have to retain all high-value activities in the home country. The presence of foreigners on companies' boards is essential (Shenkar & Luo, 2008). One organisation can use different strategies depending on the conditions in the market and the objectives of the firm.

A multi-domestic strategy is one where the organisation employs different approaches for each market. The multi-domestic strategy emphasizes competition within each country through segmentation of markets by national boundaries (Luo & Shenkar, 2006). Cross-border ventures require high levels of local adaptation which could involve cultural orientation and political systems. The multi-domestic strategy makes entrepreneurs utilize their knowledge of one market in other locations, pursuing internationalization on several fronts, and handling diverse cultural and institutional differences between markets (Buckley & Ghauri, 2015). The strategy emphasizes limited levels of intranet communication, coordination, and integration because there is not much sharing of information between the sub-units as each sub-unit needs to pursue unique strategies for organizing across boundaries and is thus likely to use multiple functional languages (Luo & Shenkar, 2006). This is because the primary goal of the financial institution is differentiation advantage, lower costs, and highly customized products. To maximize the gains of differentiation in products, services, and production this strategy pursue when pressures for localization outweigh those of the global integration strategy (Child, 2000; Child, 2005).

A multi-domestic firm is an enterprise with multiple international subsidiaries that are relatively independent of the headquarters (Shenkar and Luo, 2008: 97). The multi-domestic strategy can be effectively employed to exploit the different market orientations, emphasizing cultural pluralism and is organisationally the least demanding and costly (Child, 2005).

The global strategy focuses on standardisation of products and services across different national boundaries. Global strategy is opposed to multi-domestic strategy of the diametrically dispersed units (Birnik, 2007). The strategy involves replication of business units across countries thus highlighting centralised units across the organisation. Multinational corporations (MNCs) establish competitive postures in the global marketplace by leveraging their strategic capabilities through the transference of those capabilities to subsidiaries (Cui, Griffith and Cavusgil, 2005). The foreign sub-units in different countries are presumed to be interdependent; so headquarters focus on attaining integration among sub-units

(Birnik, 2007; Twarowska and Kakol, 2013). It therefore calls for uniformity in communication mechanisms with a harmonized network, with headquarters dictating operational strategies (Luo and Shenkar, 2006). It is further argued that standardised policies enhance the ability of the firm to design global production and new investments, integrate global value chain activities, avoid translation related costs and combine information and reports. The strategy places different functions in different locations, seeking operational synergies from inter-unit collaboration in primary value chain activities (Birnik, 2007). The global strategy basically replicates the culture of the headquarters across the subsidiaries, therefore encouraging cultural domination (Child, 2005: 261). The scholars argue that transnational strategy is a hybrid situated between the multi-domestic and global strategies (Luo and Shenkar, 2006). The strategy seeks to achieve global efficiency and local responsiveness. Firms maintain greater inter-unit integration to jointly exploit existing knowledge or explore new knowledge (Berry, 2005). Trans-nationality influences the global learning process and knowledge sharing within an integrated structure (Luo and Shenkar, 2006). The transnational configuration involves development of an organisation that is simultaneously capable of responding to the local dynamics and global integration and worldwide learning (Birnik, 2007). The strategic and organisational capabilities are of an ambidextrous nature with defined abilities to pursue both disparate and often conflicting demands (Gibson and Birkinshaw, 2004; O'Reilly and Tushman, 2004; Birnik, 2007). The ongoing progress of globalisation has created a new need in multinational and international companies for managers who have the skills and competencies to be rotated anywhere in the world (Camillo, 2015). Global market diversity confers greater coverage of intra-unit transfer of information and resources (Child, 2005). According to Merdzanovska (2015), transnational companies consist of groups of geographically dispersed organisations which act together and are oriented to various goals, innovation and growth of productivity (Rugman, 2007: 4). The strategy takes advantage of home and host countries. The firm's focus is investment at home while exploiting unique opportunities that exist in the different countries (Merdzanovska, 2015). MNCs must select an appropriate strategy for combining internal, external, and local knowledge for enhancing innovation (Cantwell, 2010: 6).

Firms using a hybrid strategy must transfer distinctive competencies within the network while heeding pressures for local responsiveness (Camillo, 2015). Transnational businesses consist of subsidiaries that fulfill varying roles, with similar affiliates playing strategic roles. The different sub-units adapt different organisational forms and identities to meet local government requirements (Birnik, 2007) and achieve various strategies and objectives (Verbeke and Kano, 2015). Firms using a hybrid plan must transfer distinctive competencies within the network while heeding pressures for local responsiveness (Camillo, 2015).

The standard practice is that the firm uses a shared language, which is the parents' primary functional language, except where companies have strictly ethnocentric staffing policies (Luo and Shenkar, 2006).

The international strategy is similar to the global strategy but with one significant difference being that the former has superiority in-home strategies. An international strategy means that internationally scattered subsidiaries act by the policies of the dominant parent company (Twarowska and Kakol, 2013). Foreign market entry strategies differ in the degree of risk, control and commitment of resources they require and the return on investment they promise (Shenkar and Luo, 2008). However, the internationalization strategy in Scandinavian countries and the rest of Europe, for example, has not paid significant attention to local tastes and preferences in the different European nations (Twarowska and Kakol, 2013).

This study seeks to examine the influence of cross-border strategies for gaining a competitive advantage by Kenya Commercial Bank and subsequently come up with an appropriate cross-border framework for competitiveness.

1.2.0 Problem Statement

In accordance with the 1999 East African Treaty (EAT), mechanisms have been put in place to stimulate trade within and outside East Africa. Accordingly, East African Community (EAC) partner states have to cooperate in trade liberalization and development (EAT, 1999). The various sections of the EAT outline ways for organisations to improve trade across borders within East Africa; establishment of customs unions (75) and a standard market (76), addressing imbalances arising from customs unions (77). The treaty provides for harmonization of macroeconomic policies especially exchange and interest rates and monetary and fiscal policies (82). Banking and capital market development (85), facilitation of movement of capital (86), joint project financing (87), harmonization of telecommunication services (99), and fostering cooperation in education and training (102). Cross-border banking has remained a challenge in International Bank of West Africa, and Meridien had grand Pan-African aspirations with large branches in Africa dramatically failed (Enoch, Mathieu, Mecagni, 2015).

Despite these efforts, cross-border banking has remained a challenge, and it is not clear to what extent strategies employed to influence the situation that threatens the competitiveness of business in the EAC by Kenya Commercial Bank.

Several studies have been carried out on cross-border trade in East Africa, these include: Achieng (2011), Mwende (2014), KCB (2013), KCB (2014), Ongore and Kusa (2013), Omollo (2015), Waweru (2014), Okungu., Mules., Nyongesa., Aila., Momeyi., Ogutu., Onchonga., Omoke., Korir., & Muchoki., *(2014)*, and Ennis, (2014). However, no study seems to be devoted to an assessment of cross-border banking and development of an appropriate framework for competitiveness in East Africa.

This study therefore examined cross-border strategies and developed an appropriate cross-border framework for competitiveness by KCB for competitiveness.

1.3.0 Purpose

Develop an appropriate framework for cross-border competitiveness by Kenya Commercial Bank in East Africa.

1.4.0 Specific Objectives

1.4.1 To use the quantitative research survey methods to develop a quantitatively derived frame-work to determine the effect of global, a multi-domestic; and transnational strategy on gaining a competitive advantage by Kenya Commercial Bank.

1.4.2 To quantitatively test the hypotheses developed from theory regarding the influence of political and socio-cultural environment on cross-border strategy and competitive advantage by Kenya Commercial Bank.

1.4.3 To qualitatively assess the lived experiences of the Kenya Commercial Bank employees regarding the applicability of the quantitatively derived framework on the influence of cross-border strategies for gaining a competitive advantage by Kenya Commercial Bank.

1.4.4 To evaluate the effect of the socio-cultural environment as well as the political environment on cross-border strategy and competitiveness by Kenya Commercial Bank.

1.4.5 To integrate and cross-validate the findings of the qualitative and quantitative research methodologies into a mixed framework that the Kenya Commercial Bank can use in gaining competitive advantage.

1.4.6 Critically assess the implications of the research findings on the challenges faced by Kenya Commercial Bank in gaining competitive advantage and the solutions to it.

1.5.0 Research Questions

1.5.1 What framework can be developed using the quantitative research survey methods to determine the effect of a multi-domestic; transnational and international strategy on gaining a competitive advantage by Kenya Commercial Bank?

1.5.2 How could the quantitative methodology assist in testing the hypotheses developed from theory regarding the influence of political and socio-cultural environment on cross-border strategies and competitive advantage by Kenya Commercial Bank?

1.5.3 What are the employees lived experience of the Kenya Commercial Bank regarding the applicability of the quantitatively derived framework on the influence of cross-border strategies for gaining a competitive advantage by Kenya Commercial Bank?

1.5.4 What is the effect of the political environment as well as the socio-cultural environment on cross-border strategy and competitiveness by Kenya Commercial Bank?

1.5.5 What would be the outcome of integrating and cross-validating the findings of the qualitative and quantitative research methodologies into a mixed framework that the Kenya Commercial Bank can use in gaining a competitive advantage?

1.5.6 What are the implications of the research findings on the challenges faced by Kenya Commercial Bank in gaining competitive advantage and the solutions thereto?

1.6.0 Research Hypotheses

H_1: Political environment positively influences cross-border strategies and competitive advantage by Kenya Commercial Bank

H_2: Socio-cultural environment positively influences cross-border strategies and competitive advantage by Kenya Commercial Bank

1.7.0 Justification and significance of the study

Despite the long history of research on multinational operations across in Africa, most scholars undertook studies of multinationals in different continents. Cross-border undertakings have predominantly been in the product industry. The concept of cross-border banking very critically examined in Europe, Asia and South America.

In the meantime, the practice of "cross-border banking" appears to be animated by persistent myths, with limited understanding of the strategies undertaken banks to gain a competitive advantage across different territories. This mythology, as Hambrick (Narayanan & Zane, 2009: 380) suggests, invite critical scholarly scrutiny. Narayanan and Zane's (2009: 381) work offers an epistemological vantage point for theory development in the case of cross-border banking and fuelled by the metaphor of inventing a framework for cross-border banking framework focused less on reviews of the existing literature and more on the possibilities of generating insights. Whereas several studied have been carried out on cross-border banking in East Africa (Achieng, 2011; Mwende, 2014; KCB, 2013; KCB, 2014; Ongore and Kusa, 2013; Omollo, 2015; Waweru, 2014; Okungu *et al.,* 2014; Ennis, 2014). However, it appears that no study has is devoted towards development of an appropriate framework for competitiveness in cross-border banking in East Africa.

There have also been attempts to understand the performance of firms in East African countries. However, no specific study has dealt with strategies for the cross-border organisation by East African financial institutions. An examination of the cross-border strategies employed by Kenya Commercial Bank will help policy-makers to come up with appropriate policies for cross-border trade in East Africa. This study can also be used by financial institutions in the development of better cross-border strategies to enhance competitiveness in East Africa. The findings of the study will serve as a resource for academics and researchers. The outcome and impact of the research are intended to generate new ideas and set appropriate cross-border strategies for thinking about new legislation and policies in the EAC.

Organisational competitiveness is a crucial concern for business executives. In this regard, the development of appropriate strategies for the attainment of competitive advantage (Porter, 2008; Porter, 1998; Shenkar, 2008; Luo & Shenkar, 2008). Over the past few years, there has been a significant increase in the focus on an understanding of strategies for cross-border competitiveness. However, attainment of a competitive advantage has continued to be a significant concern for business executives. Accordingly, identification of appropriate cross-border framework to enhance competitive position is critical to the success of business executives. The business framework that a business chief executives to use to make the cross-border undertakings successful, as well as making it possible to select the most appropriate strategy is of significant concern. Globally there have been attempts to deal with the critical subject of cross-border strategies for competitiveness. Studies by Jørgensen, (2011); Aspelund and Moen, (2005); Crick, (2009); *Gabrielsson, et al., (2008a); Gabrielsson, et al., (2008b)*; Knight and Cavusgil, (2005); Child (2005); variously investigated the critical subject of cross-border ventures in Europe. The studies highlight the different strategies employed in cross-border banking; global, international, multi-domestic and transnational. International and global cross-border strategies have a close relationship as both strategies undertake centralization and standardisation (Yip, 2002; Twarwoska & Kakol, 2013; Medzanovska, 2015) but the only difference international strategy centralizes and standardises by domestic market (Child, 2005). Globalisation is opposite to multinational (Ghoshal, 1983; Twaroska & Kakol, 2013; Mendzanovska; 2015; Child, 2005). Transnational borrows both from multinational and global (Child, 2005; Yip, 2002; Shenkar & Luo, 2008). The studies highlight the characteristics of the different cross-border strategies employed by multi-nationals. Johnson., Langley., Melin., & Whittington., *(2007)* established that different cross-border ventures require diverse approaches regarding the scope, extent, and speed of internationalization. Modern organisations have to respond to the various environmental dynamics (Verbeke and Kano, 2015; Cui, Griffith, and Cavusgil (2005).

In East Africa, several studies in cross-border banking strategies for improvement of banking effectiveness, but none has focused explicitly on cross-border banking for competitiveness. Several studies have been carried out on banking competitiveness in East Africa, these include: Achieng (2011), Mwende (2014), KCB (2013), KCB (2014), Ongore and Kusa (2013), Omollo (2015), Waweru (2014), Okungu, *et al.,* (2014), and Ennis, (2014). However, none of these studies has dealt explicitly with the subject of the cross-border framework for competitiveness. The studies dealt with general aspects of competitiveness within the country. Studies that have attempted the issue of cross-border in Africa include Beck *et al.,* (2014), entitled "Making Cross-border banking work in

Africa"; a study by Brownbridge and Harvey (1998) entitled "Banking in Africa"; Becks, Fuchs and Witte (2013) "Strengthening Banking regulation and supervision: A framework for developing reforms"; Bruno and Hauswald (2013) "the real effect of Foreign Banks"; Cull and Maryinez (2013) "Foreign Bank participation in Developing Countries: What do we know about the drivers and consequences of this phenomenon?". Other studies on the subject have been mainly conceptual and of limited scope. Except for the studies mentioned above, no empirical research has been done on cross-border banking in Africa and competitiveness except "what drives Bank competition? There is international evidence" by Claessens & Laeven (2004).

Nadler and Tushman (1998) argue that organisations have to continue to align the strategies with the organisation environment. The studies that have attempted to delve in the subject simply made prescribe approaches of entering to new cross-border markets (Beck *et al.,* 2014: 56 & 79; Beck, 2011; Ongore & Kusa, 2013). However, the framework that adequately manages dynamics across different territories had not been appropriately assessed. A cross-border framework for competitiveness is critical for the success of contemporary organisations in the dynamic world. This is not just a venture with simplistic strategy but a consistent pursuit and maintenance of competitiveness across different market segments. According to Drucker (2002), organisations need to innovate and improve their existing practices to cope with the challenges of the knowledge economy. The need for further research on cross-border banking the phenomenon that has captured African continent is explicitly required. This study focused on building on the body of knowledge to enhance understanding of cross-border banking and impact of the diverse strategies to cross-border banking. An abductive strategy was used by the researcher to provide insight on the cross-border banking and competitiveness by Kenya Commercial bank. This was by use of both quantitative and qualitative methods of data collection. The knowledge gained should, therefore, help organisations undertaking cross-border ventures to enhance organisational competitiveness. This study expands on existing research on cross-border banking by measuring the significance of critical leadership criteria and strategic alignment in high-performing organisations in Africa, and then to provide insight into the relationship to enhance competitiveness. The results of this study should lead to further research in the field of cross-border banking and competitiveness, which would undoubtedly contribute to the new development of knowledge of cross-border banking.

1.8.0 Delimitation of the study

In examining the influence of the cross-border strategies towards competitiveness of Kenya Commercial Bank, the study left out international strategy but was limited to global, multi-domestic; and trans-national strategy. The inquiry left out international strategy because of the limitation by corporate from less developed like Kenya Commercial Bank unlike the developed countries and the emerging powers with adequate resources to undertake more structured ventures. International and global cross-border strategies have a close relationship as both make centralization and standardisation (Yip, 2002; Twaroska & Kakol, 2013; Medzanovska, 2015) but the only difference international strategy centralizes and standardises by domestic market (Child, 2005). However, the global dynamics are systematically influencing the global banking systems. Kenya commercial bank has mainly concentrated the cross-border ventures in East Africa (Afandi, 2008; Ratemo, 2011; Kagwe, 2011; Kangethe, 2013; Biwott, 2015) without venturing towards global operations.

This study intended to develop an appropriate framework for cross-border banking in East Africa. More specifically, the focus of this research was to examine the influence of the diverse cross-border strategies on competitiveness. Multnational dynamics vary from bank to bank, but it has become an increasingly important feature of African financial systems, and the trend has accelerated in the past decade (Beck *et al.,* 2014). The cross-border banks doubled from 120 to 227 (Claessens& Van Horen, 2014); substantially increasing their geographic footprints on the continent. The banks tend to use standalone subsidiaries with limited integration across affiliate networks with parent Banks, with a focus on servicing larger corporate clients in growth sectors. These cross-border banks have become economically significant beyond their home countries and of systematic importance in some jurisdictions. The phenomenon has a potential of reaping benefits of economies of scale, fostering financial and economic development for Africa. Academic literature provides nuanced messages about the impact of cross-border banking on efficiency and competition, financial deepening and outreach, and financial stability in Africa.

However, the study mainly focused on Kenya Commercial Bank with operations in East Africa. Different banks employ the cross-border strategies differently and operate in diverse environments. The cross-border banks which are incorporated within African continent jurisdictions predominantly South Africa, Morocco, Nigeria, and Kenya have taken on cross-border banking. Eco bank tripled its affiliate network in Africa between 2000 and 2013 from 11 to 32 countries 7; Nigeria's United Bank for Africa increased its footprint from 1 to 19 countries. Similarly, Morocco's Attijariwafa Bank expanded its print from 1 to 12 countries

after acquiring the African interests of the French Crédit Agricole; and Morocco's BMCE went from 2 to 18 countries; Kenya Commercial Bank now has six branches, and yet there was none in 2000 (Beck *et al.,* 2014). However, the expansion of African cross-border banking has been within the regions; South African Banks within SADC, Nigerian Banks within West Africa, Moroccan Banks within North Africa. The regional undertakings by regional banks are mainly as a result of regional economic integration and African Union (Beck et al., 2014; Beck et al., 2015; Clasessens & van Horen, 2014). Treaties and protocols signed ecourage establishement of customs unions and a standard market, addressing imbalances arising from customs unions. Furthermore, cooperation enhances harmonization of monetary and fiscal policies critical for competitiveness of regional banks. Despite these efforts the banks have continued facing challenges therefore examination of strategies is critical for establishment of an appropriate framework for competitiveness.

1.9.0 Organisation of the study

Development of a cross-border framework for competitiveness has been examined and presented in five chapters. The purpose of the study was the development of an appropriate framework for cross-border competitiveness in E. Africa.

The thesis examined strategies for cross-border banking and developed an appropriate framework for competitiveness in cross-border banking in East Africa. The five chapters provide an overview and orientation of the study, theoretical and empirical literature review, research design and methodology, findings, interpretation and discussion of research findings, and summary, conclusion, and recommendations. An overview of the chapters has been provided below:

1.9.1 Chapter One: Overview and orientation of the study

This is the first chapter presenting an overview and orientation of the study. This chapter presents a basic introduction to the research by discussing the research variables, formulated the research problem, questions, objectives, research questions, proposition, and hypotheses. It then explained the scope and limitations of the study and outlined the research design and methodology. This chapter also provided an overview of cross-border banking strategies and competitiveness. The paradox of managing cross-border ventures is based on

diverse dynamics influenced by regulatory and socio-cultural environments across the different locations. The three strategies for cross-border banking were presented, and moderating variables have been adequately discussed.
Chapter one discusses the overview and orientation of the study providing for the presentation of background, problem statement, purpose, objectives, research questions, research hypotheses, justification, the scope of the study, delimitation of the study, an organisation of the study and chapter summary.

1.9.2 Chapter Two: Theoretical and Empirical Review

This chapter presents a theoretical and empirical review on the framework for a cross-border framework for competitiveness. The theoretical review was undertaken in the first section while an empirical review in the second section of chapter two. The theoretical analysis critically examines the theoretical propositions attempting to explain the cross-border framework that enhances cross-border competitiveness. The theoretical review has justified the research objectives, proposal, and hypotheses that were formulated. Institutional theory, parent theory, inter-organisation bargaining theory, social network theory, agency theory, cultural convergence theory, cultural divergence theory, cultural crossvergence theory, and social network theory have been extensively reviewed. The theoretical review provides insight into the process for the development strategies undertaken in cross-border banking together with competitiveness.

The second section of chapter two provides an empirical review of the relevant literature to provide a theoretical background for the study and to justify the research objectives, proposition, and hypotheses that were formulated. The literature review encompasses perspectives on cross-border management for competitiveness. The chapter commences with the concept of cross-border banking, in general, highlighting diverse aspects according to different scholars. The literature review embarks on reviewing different strategies employed in cross-border ventures global, multi-domestic, transnational, international strategies. This is coupled with an analysis of the regulatory and socio-cultural environments in light of cross-border banking. The chapter also undertakes an analysis of the diverse concepts of competitiveness; efficiency, risk management and learning and innovation. It then discusses the development of thinking on this subject and explores the critical components of cross-border banking for competitiveness.

The third section provides a conceptual framework for cross-border banking based on the theoretical and empirical literature. The conceptual framework has

been explained, and the hypotheses guiding the study have been developed. The hypotheses were based on the literature review.

1.9.3 Chapter Three: Research Design and Methodology

The chapter presents the research design and methodology used for conducting the study. The chapter has four sections; introduction, quantitative phase, qualitative phase and synthesis of mixed methods.

The chapter has been divided into introduction, quantitative, qualitative and synthesis of mixed methods. The introduction of the chapter undertakes to provide philosophical foundations for the research study. This is by systematically critically examining research philosophies on the based on ontological, epistemological, axiological assumptions, rhetorical language, and methodological assumptions. The researcher extensively discussed his scientific belief by choosing the most appropriate research philosophy underpinning his study. Pragmatism was the research philosophy which was chosen for the research study and subsequently mixed methods research design was used to guide the process of data collection and management.

The second section of the chapter systematically presents the quantitative methods for data collection and analysis. Quantitative phase of the study provided insight into the mechanisms for the development of an appropriate framework for competitiveness. This section covers the research design, methods of data collection, unit of analysis, study population, sampling methods, sample size, methods and instruments for data collection, together with an analysis of data. Validity and reliability are extensively discussed for the purpose of ensuring credible inquiry in order to evaluate the appropriateness of the research design and methodology. The methodology generated useful information through the collection and analysis of data on the attitudes, knowledge, and experiences of employees, policy makers, agents and government representatives towards the Kenya Commercial Bank.

Section three of the chapter presents qualitative part of the study. The first objective was a validation of the quantitative framework using experiences of the employees. This was followed by understanding the thinking of the employees in terms influence of political and socio-cultural environments on cross-border banking. Qualitative phase provides mechanisms for undertaking the qualitative phase of the study. The case study was used for undertaking the study using interviews of employees in Kenya commercial bank. The theoretical proposition for the qualitative phase of the study was a thick description as the major objective was supplementing quantitative findings. The section presents

mechanisms for the enhancement of credibility, trustworthiness, and rigour in the qualitative data, transferability, dependability, and conformability. Qualitative phase of the study provides for mechanisms for the enhancement of theoretical and descriptive validity, reflexivity, bracketing, data management and analysis of qualitative data.

The third section of the chapter presents synthesis of mixed methods quantitative and qualitative. In accordance with the research design adopted by the researcher, the mixed sequential explanatory design consisted of two distinct phases; quantitative followed by qualitative (Creswell, 2003). The integration of quantitative and qualitative data is critical in undertaking an appropriate research. The major focus of the do qualitative data support quantitative knowledge, does it challenge the knowledge the existed, which aspects are similar and what is different and critically examining the differences and similarities and drawing conclusions. This provided the basis for the establishment of a plausible appropriate framework for competitiveness by Kenya commercial Bank. The section also discussed the ethical considerations which were considered in the process of undertaking the study.

In conclusion, the study used mixed methods for undertaking the scientific inquiry on the phenomena of cross-border banking for competitiveness in Africa.

1.9.4 Chapter Four: Findings, interpretations, and discussions

The chapter presents findings, interpretations, and discussions on the quantitative and qualitative data which collected analysed. The chapter is divided into sections quantitative and qualitative section. Findings undertook both quantitative, qualitative and synthesis of the mixed methods. This was the development of an appropriate framework for cross-border competitiveness using quantitative and qualitatively validating the cross-border framework.

The first section focused on the development of an appropriate framework for competitiveness in cross-border banking. The framework was developed by critically examining the cross-border strategies: global, transnational, and multi-domestic in relation to competitiveness. Political and socio-cultural environments in relation to strategies and competitiveness were also assessed to evaluate the impact on strategy development and competitiveness of the bank. Research hypotheses were tested on the impact of political and socio-cultural environments on strategy and competitiveness. The different strategies were analysed on the basis of diverse aspects of competitiveness: efficiency, risk management, learning, and innovation. The study focused on the establishment of an appropriate framework for cross-border banking. In accordance with the mixed

methodology which was used for data collection the data analysis also started with quantitative, followed by qualitative analysis. The quantitative findings were presented using descriptive, cross-tabulation, correlation, and regression. Furthermore, descriptive data been presented through the use of tables, pie charts, frequencies, percentages and figures for comparative purposes. Inferential statistics have been presented using correlation and regression analyses for the sake of tracing relationships. The relationships between the strategies employed with competitiveness were correlated and regressed, and interpretations and discussions thereto have been provided. Regression analysis was used for development of an appropriate cross-border framework for competitiveness. Confirmatory factor analysis was used for confirmation of the variables relevant in the developed framework.

The second section of the study involved validation of the framework using qualitative data. The qualitative part of the study undertook to understand the experiences of the Kenya Commercial employees regarding quantitatively lived framework. The qualitative section also undertakes an assessment of the influence of the political and socio-cultural environments on cross-border strategy and competitiveness. The challenges and solutions to cross-border banking have been extensively discussed.

The third section provides synthesis of mixed methods based on the quantitative and qualitative findings. Synthesis of mixed involved assessing convergences' and divergences in data sets. Qualitative data enhanced quantitative findings therefore synthesis was critical in the final part of the study. Finally, the chapter summary has been provided.

1.9.5 Chapter Five: Summary, conclusion, and recommendations

The final chapter of the thesis presents the summary, conclusion, and recommendation of the study. The chapter undertakes to present the summary, conclusions, research implications and recommendations, contributions to a new body of knowledge, possible limitations and areas for future research, and final conclusion. The chapter commences with an introduction of the chapter highlighting areas covered in the chapter. Summary and conclusions have been presented objective by objective and systematically examining the phenomenon of cross-border banking using quantitative and qualitative findings. The conceptual framework for cross-border banking developed was validated, and variables for the framework have been triangulated. The chapter provides insight on to a new body of knowledge in the field of cross-border banking in E. Africa. Possible limitations of the study have been discussed together with areas for further research has been suggested. The chapter ends with a final conclusion of the cross-border banking.

1.10.0 Chapter Summary

This chapter provides the context, background to the problem statement and orientation to the setting and the nature of the research problem. The chapter presents an introduction to the research study and highlights the background, problem statement, objectives, research questions, justification, and scope of the research study. The purpose of this section is to provide a synopsis of the framework for cross-border business. The background highlights the regional and national perspectives as supported by different scholars. Furthermore, the context briefly discusses the concepts of cross-border trade, global, multi-domestic, transnational and international cross-border strategies.

The problem statement draws attention to the gap that calls for the research to be undertaken based on the dynamics currently at play. In addition to the preceding, the purpose of the study stresses the examination of the cross-border strategies and their contribution to the attainment of competitive advantage by Kenya Commercial Bank in Kenya. The chapter has been broken down into specific objectives with research questions. Justification of the study notes that despite several studies none has individually undertaken an examination of cross-border strategies and the contribution to competitive advantage. The scope of the study covers Kenya Commercial Bank and its branches across East Africa. The next chapter deals with the theoretical and empirical literature review of cross-border strategies for competitiveness.

CHAPTER TWO: LITERATURE REVIEW

2.0 Introduction

This chapter reviewed the existing theories and empirical literature on cross-border strategies for competitiveness. Theoretical propositions from e-journals, textbooks, thesis, reports, and newspapers from different libraries were used for critical review of cross-border banking and competitiveness. The chapter provides a theoretical and empirical foundation for the study of a cross-border framework for competitiveness by Kenya Commercial Bank. The chapter divided into two sections theoretical review and empirical literature review.

The first section theoretical review reviewed; institutional theory, parent theory, inter-organisation bargaining theory, social network theory, agency theory, cultural convergence theory, cultural divergence theory, cultural crossvergence theory, and social network theory. The gaps in theories have been discussed together with literature are meant to provide a theoretical orientation to the study of the cross-border framework.

The second part of the chapter reviewed empirical literature on the subject of a cross-border framework for competitiveness. The empirical review undertook an assessment of global strategy, multi-domestic business strategy, and interaction between multi-domestic and global strategy, cultural orientation and the socio-cultural environment. The competitive advantage attained in cross-border banking discussed; efficiency, risk management, innovation, and learning. The conceptualization of the literature review developed, and the relationship between the study variables explained. The gaps in empirical literature have been discussed together with research.

2.1 Theoretical Literature Review

A theoretical framework consists of concepts, definitions, and reference to relevant scholarly literature, the existing theory for a particular study (Swanson, 2013). The theoretical review must demonstrate an understanding of theories and concepts that are relevant to the topic of your research paper and that relate to the broader areas of knowledge (Ravitch & Riggan, 2012; Ravitch and Riggan, 2016).A theoretical review analysis would only include reference to those works that are necessary for the investigation, and subjectively omitting tasks that may run counter to the study is not acceptable in a scientific work (Colander, 2013; Ravitch & Riggan, 2016). Theory-driven research has advantages for the development and growth of the discipline; guide research, practice, curriculum

development, evaluation, and help develop effective instructional tactics and strategies (Abraham, 2008).

Cross-border theories provide goals, norms, and standards employed by cross-border banks in the process of undertaking cross-border banking. The theories offer important insights into the functioning of banks while providing banking services across borders. Theories are reliable, rigorous, and comprehensive forms of scientific knowledge (Schafersman, 1997). Cross-border theoretical reviews highlight the norms, standards, philosophies and guiding principles employed by MNCs (Birnik, 2007).

2.1.1 Institutional theory

The institutional theory provides insight on how formal and informal institutions facilitate the establishment of cross-border strategy and competitiveness. The theory has been greatly explored by strategic management researchers (Parsons, 1934; Hughes, 1939; Selznick, 1949; Williamson, 1975; Zucker, 1977; Moe, 1984; North, 1990; Parsons, 1990; DiMaggio & Powel, 1991; DiMaggio, 1998; Scott, 2004; Bjork, 2004; Kraft & Furlong, 2007; Scott, 2008). The different scholars emphasised the process of institutional formation and influence to behaviour generated.

The institutional theory emphasizes formal and informal aspects of organisation policy development (Kraft & Furlong, 2007). Scott (2008) argues that the institutional approach is “a widely accepted theoretical posture that emphasizes isomorphism, rational myths, and legitimacy." Bjork, (2004) Institutional approach attends to more profound and more resilient aspects of social structure. It considers the process by which structures, including schemas; rules, norms, and routines, become established as authoritative regulations for the social behaviour. DiMaggio, (1998) distinguishes formal, informal institutions and the interaction between them. He categorised them as rational action neo-institutionalism (RAN); social-constructivist neo-institutionalism (SCN) and Mediated-Conflict Neo-institutionalism (MCN). Scott, (2004) postulated that institutions comprise of cultural-cognitive, normative and regulative elements that, together with associated activities and resources, provide stability and meaning to social life. He concluded that most economists and rational theorists stress formal institutions that have regulative elements like Moe (1984); Williamson (1975); North (1990), while sociologists favoured normative aspects, for example, Hughes (1939); Parsons (1934/1990); Selznick (1949), while recent organisational sociologists and cultural anthropologists emphasize informal institutions with cultural-cognitive elements Zucker (1977); DiMaggio & Powel (1991).

Institutional theory articulates how more in-depth and resilient aspects of social structure become authoritative guide for operation. The cross-border transactions faced with formal and informal arrangements both in the headquarters and subsidiaries. The process of adaptation of the strategies and policies that guide the actions of the multinational are critical for the competitiveness of a multinational. The theory considers the methods which enable structures, rules, schemes, norms, and routines, to become established official guidelines for social behavior (Scott, 2004) both in subsidiary and headquarters. The theory explains how the elements of formal and informal structures are developed, internalised, copted and adapted over space and time. Subsidiary managers face what Kostova and Roth (2002) have referred to as institutional duality, meaning there is a within-organisational domain that defines a set of pressures to which all units in the organisation must conform. The theory focuses on the deeper and more resilient aspects of social structure (Scott, 2004) and considers processes by which structures, including schemes, rules, norms, and routines, become established as official guidelines for social behaviour. The theory explains mechanisms how elements of euthentic expression are developed, diffused, copied, adopted and adopted in an organisation setting. The theoretical argument also provides insight into the decline and disuse. The theory is critical in explanation of the adaptation of an appropriate strategy and policies used by headquarters and subsidiaries to gain competitiveness. The processes adopted by the multinational to come up with the plan and relevant policies for competitiveness go through the normal operation of isomorphism explained by institutional theory.

Powell and DiMaggio (1991) explain cognitive, cultural and social orientations of social and organisational phenomena by considering the properties of supra-individual units. The theory undertakes analysis without reducing aggregate or direct consequences of individual attributes or motives. Scott (1995) indicates that, in order to survive, organisations must conform to the rules and belief systems prevailing in the environment (DiMaggio and Powell, 1983; Meyer and Rowan, 1977), as institutional isomorphism, both structural and procedural, earn the organisation legitimacy (Dacin, 1997; Deephouse, 1996; Suchman, 1995). The theory explains the diverse challenges MNCs operating in different countries with varying institutional environments face. Some of those pressures in the host and home institutional environments exert significant influences on competitive strategy (Martinsons, 1993; Porter, 1990) and human resource management practices (Rosenzweig and Singh, 1991; Zaheer, 1995). The theory argues that social organisations are susceptible to isomorphic pressures (Rosenzweig and Singh, 1991). Kraft and Furlong (2007) argue that institutional theory also emphasizes the formal and legal aspects of organisational structures. As a result, each foreign subsidiary is confronted with two distinct sets of isomorphic

pressures (Meyer and Rowan, 1977; DiMaggio and Powell, 1983) and need to maintain legitimacy within both the host country and the MNC. Institutional theory is critical in the process of developing an appropriate strategy for the multinationals. In order for a multinational to efficiently become competitive the strategies adopted have to conform to the belief system strategically and rules prevailing in the diverse environments appropriately (Scott, 1995; Meyer & Rowan 1977; DiMaggio and Powell, 1983), as a result of institutional isomorphism, both structural and procedural (Dacin, 1997; Deephouse, 1996; Suchman, 1995). Multinationals (MNC) operating in different operational environments in different countries face different pressures from the formal and informal institutions. Some of those forces in the host and home institutional environments are testified to exert primary influences on competitive strategy (Martinsons, 1993; Porter, 1990) and human resource management practices (Zaheer, 1995; Rosenzweig and Singh, 1991). Knetter (1989) argues that there is substantial evidence suggesting that firms operating in different territories react differently to the same similar challenges. The various economic, social and political environments provide multiple opportunities and challenges to enhance competitiveness.

The institutional theory provides insights on the emergence and relevance of cross-border frameworks while responding to the different formal and informal institutions in the headquarters and subsidiaries. Global and international strategies emerge as a result of similarities between the formal and informal institutions in the various countries. The global configuration enhanced the use of one approach for competitiveness (Birnik, 2007; Gooderham, 2012; Birnik, 2007; Motohashi, 2015; Verbeke, 2013; Buckley and Ghauri, 2015). The multi-domestic configuration where the different cross-border subsidiaries have entirely separate formal and informal institutions requires multi-domestic configuration. The multi-domestic arrangement enhances competitiveness where the strategies and operations are completely different from each other (Diaconu, 2011; Birnik, 2007; Child, 2005; Gooderham, 2012; Verbeke and Kenworth, 2008). The transnational configuration is appropriate where there is a mixture of both similarities and differences in the formal and informal institutions. The transnational arrangement enables the organisation to simultaneously respond to global and local responsiveness and global learning (Child, 2005; Birnik, 2007; Birkinshaw & Gibson, 2004; Gibson & Birkinshaw, 2004; O'Reilly & Tushman, 2004; Duncan, 1976; Tushman & O'Reilly, 1996). This circumstance characterized as multifocal (Prahalad and Doz, 1987) or transnational (Bartlett, 1986; Bartlett and Ghoshal, 1989) and requires organisational ambidexterity to respond to disparate and often conflicting demands at the same time.

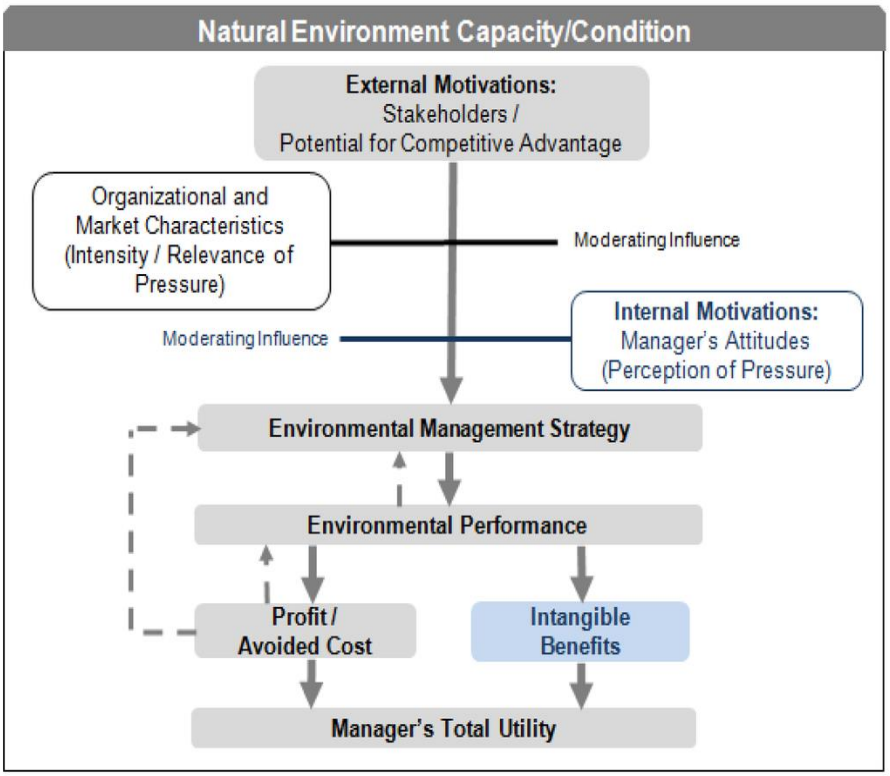

Figure 2-1: A model of institutional elements of cross-border undertakings

Source:http://www.mdpi.com/sustainability/sustainability-05-02693/article_deploy/html/images/sustainability-05-02693-g001-1024.png.

The framework in ***Figure 2-1*** from demonstrated above highlights the context of institutional theory provides a framework as how the different institutional environments in the parent and subsidiary exert pressure to as a means of influencing the competitive strategy (Martinsons, 1993; Porter, 1990) together with the human resource management practices (Rosenzweig and Singh, 1991; Zaheer, 1995). The institutional setup impacts on both the formal and informal institutions. The managers at the different locations respond to their respective environments constituted by formal and informal institutions. In a cross-border setting with diverse environments formed by various social and regulatory frameworks and systems, the multinational has to come up with an appropriate strategy for competitiveness. However, depends on the formal and informal institutions at the headquarters. The dynamics in the different markets facilitates implementation of the policies and procedures provided therefore contributing towards competitiveness.

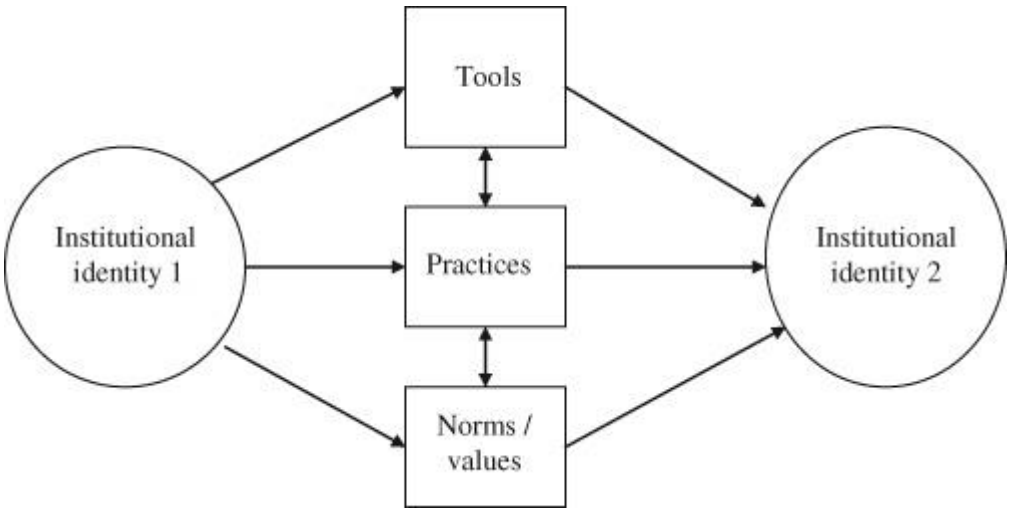

Figure 2-2: A model of Institutional identity transformations in cross-border setting

Source: https://www.liberquarterly.eu/articles/10.18352/lq.8036/DahlstromHanssonfig1.jpg/.

The framework illustrates the formulation process of institution authoritative behaviour the systems at the headquarters and subsidiaries go through an interaction process before the establishment of official practices, tools, norms, and values adopted in the affiliate. The model works towards the creation of the strategy and therefore enhancement of the competitiveness in the multinational setup. The institutional theory can facilitate the development of appropriate policies and how the headquarters and subsidiary managers systematically respond to the different institutional structure at the headquarters and subsidiaries.

However, the institutional theory very generic cannot provide a framework to enhance competitiveness and dynamics involved in the different cross-border operations. The theory facilitates in highlighting the fact that the strategies adopted by multi-nationals are a product of the interaction between formal and informal institutions in organisational environments but the extent which the formal and informal systems interact in Kenya Commercial Bank needs critical investigation. The crucial part of the study was to establish the actual dynamics in the interaction between formal and informal institutions across- the subsidiaries of Kenya Commercial Bank.

2.1.2. Parent theory

The parent theory seeks to explain the relationship between the head office and the affiliates. The parent theory has been dramatically explored by strategic management researchers (Goold, 1996a, 1996b; Goold and Campbell, 1991, 2002; Goold., Campbell., & Alexander., 1994; Goold, Campbell and Alexander, 1998; Birnik, 2007; Jørgensen, 2011) who have carried out studies to assess the mechanisms used by corporate parents to add value in multi-business contexts.

The studies by these scholars whereas different from multinational firms but the language is related to the multinationals headquarters dealing with subsidiaries. In the context of cross-border strategies, the theory provides insight on the interrelationships between the affiliates and head offices during the process of strategy formulation and implementation. Whereas the affiliates have an element of autonomy, but this independence becomes restricted as a result of integration. The headquarters (parent) in the process of attainment of efficiency and competitiveness provides mechanisms for integration. Parent theory is critical understanding cross-border ventures directly and indirectly influenced by headquarters (parents) and subsidiaries (children). Autonomy of subsidiary units becomes restricted as a result of integration and the role of the corporate parent or headquarters becomes critical in MNCs (Jørgensen, 2011).

Goold *et al.,* 1994) identify four ways parent companies influence value creation: strategy and performance, linkage influences, cost efficient provision of services, and corporate development activities. The headquarters sway the subsidiaries in where the branches would become stand alone entities through strategy and performance. Mintzberg (1983a) argues that the headquarter offices affect the affiliates by standardisation of outputs. Headquarter branch can use quality and quantitative parameters or financial ratios as targets (Birnik, 2007). The second approach used by headquarters (parent) to influence the subsidiaries by affecting linkages thereby transferring synergies and best practices. Mintzberg (1983a) further argues that parent organisation can undertake control of branches by standardisation of work norms and ethics together with work skills. Head quarters can also take strategic control of the affiliates by providing cost-efficient central functions and services to affiliates. The fourth approach that headquarters use to influence the affiliates indirectly is developing business activities that strategically change the composition of the corporate portfolio. Multinational banks can change strategy by fundamentally restructuring to capture unique value chains as a result of strategic organisation structure. Competitiveness and policy are more of strategic change as opposed to coordination within the organisation.

Goold, Campbell, and Alexander (1994) outline three different styles characterizing the relationship between parents with subsidiaries; financial control, strategic planning style, and precise control style. The economic power determined by the level of centralization or decentralization on decision making by branches. The situation where the affiliates have a high degree of autonomy was measured by looking at the aspects of budgeting and budget performance. The strategy adopted or level of freedom or independence available in financial control provides insight on the locally oriented multi-domestic strategy (Hout *et al.*, 1982; Prahalad & Doz, 1987; Child, 2005), transnational (Bartlett, 1986). The strategic planning perspective highlights that the companies have high level important and large number of staff involved in a large number of functions of the subsidiaries (Birnik, 2007). Headquarters influence the operations of the branches by strategically requiring a large number of staff in the subunits. Headquarters can limit affiliate by use of strategic planning style (Hout et al., 1982; Prahalad & Doz, 1987; Bartlett & Ghoshal, 1989; Bartett, 1996; Child, 2005; Birnik, 2007). Parental control using highly influential staff to work in the subsidiaries therefore influences subsidiary operations. The third of strategic power has a balanced view of top-down planning driven by headquarters and bottom-top plan driven by subsidiaries (Birnik, 2007). The parental authority and influence by balancing the importance placed in headquarters influence and subsidiary influence. The strategic planning style appreciated by different scholars and practioners (Birnik, 2007). There are similarities between the essential control styles with transnational strategy (Hedlund, 1986; Prahalad & Doz, 1987, Bartlett, 1986; Bartlett & Ghoshal, 1989; Child, 2005; Birnik, 2007).

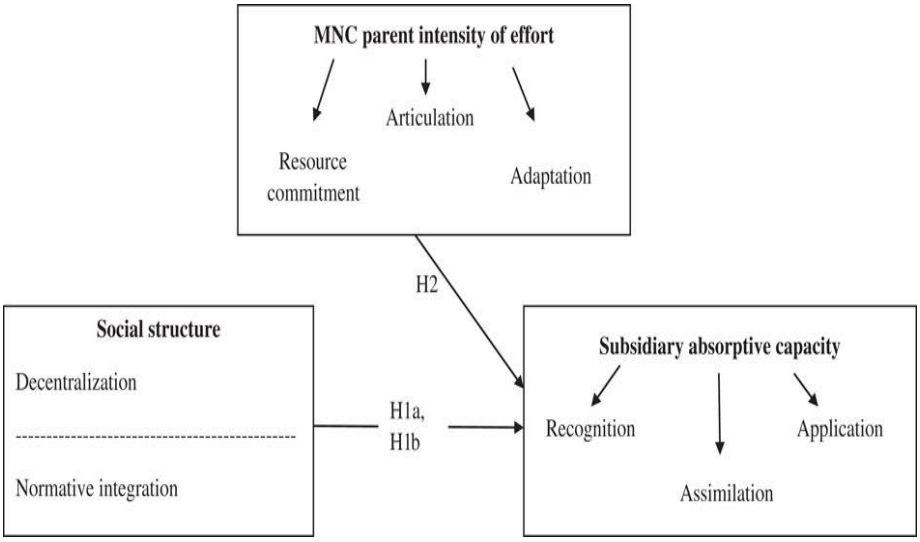

Figure 2-3: A model of parent and subsidiary interaction in cross-border setting

Source: Schleimer & Pedersen (2014) Journal of International Business Studies.

The framework above in ***figure 2-3*** illustrates the process of moderation of a strategy between the parent headquarter and a subsidiary of the parent theory. The parent (headquarters) exerts pressures to the affiliates regarding resources, articulation, and enforcement of adaptation of the processes, systems, and methods for achievement of organisational goals. The subsidiary undertakes the operations of receiving pressures by recognizing, assimilating and applying the standards required by the headquarters but at the same time responding to the local dynamics. The theory facilitates establishment of the strategy and framework therefore enhancing competitiveness in the cross-border banking.

The theory explores the process of how resource-based and dynamic capability views of a firm can inform corporate level strategy (Jørgensen, 2011). The theory asserts that the corporate Centre has to either be a resource or have processes that create resources in subsidiary business units to be valuable. The parent theory highlights the conditions that must be present for the parent to create value in the organisation. However, recent studies argue that inappropriate parent intervention can destroy value creation, therefore, erode competitiveness (Goold & Campbell, 2002). The firm can end up incurring more costs; poor decision making slows decision making as headquarters are not in a position to efficiently add value. Goold, Campbell, and Alexander (1998) argue that headquarters should avoid intervening in business unnecessarily a part of value addition and positive influence. The parent theory explains how the headquarters undertakes the process of parenting the subsidiaries to gain a competitive advantage. However, there scholars that argue that in appropriate intervention by the bases can eliminate competitive advantage. Goold and Campbell (2002) argue that corporate parents can destroy competitiveness by incurring unnecessary overhead costs, slowing decision making, and making poor decisions. The dynamics in cross-border operations have dynamic challenges and opportunities across different markets that require unique strategies. The theory rightfully identifies mechanisms that are used by the headquarters for enhancing integration and coordination but this may come with negative consequences. Competitiveness across diverse markets comes with distinct strategies that efficiently with much parental control. Goold, Campbell, and Alexander (1998) proposed conditions for parental intervention to enhance competitiveness; seeing an opportunity for improvement of performance, availability of unique skills at headquarters to advance competitiveness and having an adequate understanding of the unique environments coupled with discipline not to destroy value.

The parent theory highlights mechanisms that are used by headquarters to influence operations in the subsidiaries. Whereas the objective of the headquarter office in the process is to enhance competitiveness but control may

inhibit value creation and competitiveness. The discussion on the theory acknowledges that parental influence doesn't necessarily add value and to improve competitiveness. The cross-border framework that enhances competitiveness has to provide appropriate mechanisms for control and freedom to enhance competitiveness.

2.1.3 Agency Theory

The agency theory seeks to explain the relationship between the head office and the subsidiaries. The theory extensively used by different scholars accounting (Demnski and Feltham, 1978), economics (Spence & Zeckhauser, 1971) finance (Farma, 1980), marketing (Basu., Srinivasan., & Staelin, 1985), political science (Mitnick, 1986), organisation bahaviour (Eisenhardt, 1985, 1988; Kosnik, 1987) and sociology (Eccles, 1985; White, 1985). The theory provides unique insight on information systems, outcome uncertainty, incentives and risk in organisation setup (Eisenhardt, 1989). The agency perspective manifests the relationship between the headquarters and subsidiaries. Theory exposition of risk, outcome, uncertainty, incentives and information systems are a novel contribution to organisation thinking (Eisenhardt, 1989).

Agency theory is used for explain agency dilemma when one person or entity or agent is in position to make decisions on behalf of or that impact another person or entity regarded as a principal (Eisenhardt, 1989). The theory emerged in the 1960s, and late 1970s as economists (Wilson, 1968; Arrow, 1971) exploring risk sharing among individuals was extended to analyse decision making when cooperating parties have different goals and division of labour (Rose, 1973; Jensen & Meckling, 1976). The agency theory creates principals and agents to perform responsibility. Agency theory provides insight on ubiquitous agency relationship in which one party referred as a principal delegates work with the agent to complete the work on the principal's behalf (Eisenhardt, 1989). The theory concerned with the resolution of two problems that usually arise in the relationship between agents and principals i) conflict between goals and desires of agents and principals ii) difficulty or high expenses required for verification what agents are doing on behalf of the principal. The primary challenge between the agent and principal relationship is the differences in attitude between the agent and principal towards risk management and uncertainty. The theory provides insight into the relationship between agents' subsidiaries and parent or headquarters in the process of strategy development and competitiveness by multinational corporations. Jensen and Meckling (1976) observe that the relationship between managers at headquarters and subsidiaries viewed as an agency theory problem. The theory postulates that a dilemma emerges when the

agent is motivated by which are contrary to the motivations of the principal. Agency theory argues that contract is governing the relationship between principals and agents as a unit of analysis (Eisenhardt, 1989). The major focus of the theory is the establishment of a most efficient contract governing the relationship between the principal and agent by taking into consideration assumptions about people (self interested, risk aversion nature and bounded rationality) while organisations exhibit conflict among members and require information purchased. The theory argues that behaviour oriented contracts (hierarchical governance and salaries) as more efficient in comparison to outcome oriented contracts mainly enforced by commissions, transfer of property rights, stock options, market governance (Eisenhardt, 1989). Agency theory has been applied to organisational phenomena such as compensation (Eisenhardt, 1985; Conlan & Spark, 1988), diversification and acquisition strategies (Amihud & Lev, 1981) board relationship (Kosnik, 1987; Farma & Jensen, 1983), ownership and financing structure (Jensen & Meckling, 1976; Argawal & Mandelker, 1987), vertical integration (Eccles, 1985; Anderson, 1985), innovation (Zenger, 1988; Anderson, 1983). Despite application the different fields of management, the agency theory has been critical in the determination of the enhancement of relationships between agents and principals with individual and organisational assumptions. The theory is paramount in the relationship between principal and agents with different goals and risk preferences as a result of differences in attitudes towards risk.

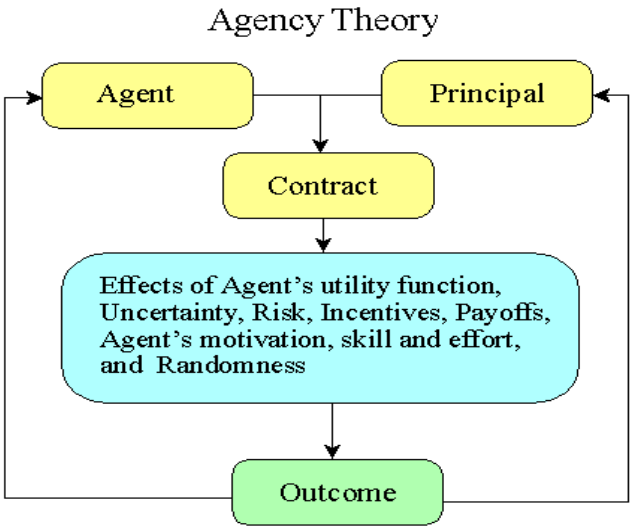

Figure 2-4: A model of agency theory showing principal agent interaction

The framework above in ***figure 2-4*** illustrates the process of interaction between agents and principles an international environmental setting. The subsidiaries as agents and headquarters as principles come into a formal or informal interaction

come with a contract either social or formal by an agreed mode of operation. The contract affects utility function, risks, uncertainty, incentives, payoffs, agent's motivation and efforts, therefore, translating to an outcome inform of a strategy or a competitive advantage. The resultant policy pursued by the multinational is a result of agents and principle relationship.

Agency theory explains a) certain aspects of a firms strategic behavior b) structure of principal-agents for taken by institutional structures that monitor and enforce contracts between principals and agents (management and stakeholders) and d) evolutionary process that shapes principal-agent agreements and institutional arrangements (Hill & Jones, 2001). The theory is critical in the determination of the relationship between the parent and subsidiary relationships. Emerson (1962) argues that power differentials are crucial in the decision of unequal dependence between parties involved in the exchange. Therefore, parent assumes the role of principal and subsidiary undertakes the task of the agent. Birnik (2007) further highlights the possibility of differences in the objectives between the principal and agent. The risk-sharing problem occurs if the principal and agent have different attitudes towards risk-taking, thus shaping the strategy employed (Eisenhardt, 1989a). According to Birnik (2007), an agency relationship is a contract under which one or more persons (the principal(s) engage another person (the agent) to perform some service, which involves delegating some decision-making authority to the agent, on their behalf. The risk-sharing problem occurs if the principal and agent have different attitudes towards risk-taking, thus shaping the strategy employed (Eisenhardt, 1989a). According to Birnik (2007), an agency relationship is a contract under which one or more persons (the principal(s) engage another person (the agent) to perform some service, which involves delegating some decision-making authority to the agent, on their behalf.

Agency theory postulates that principals and agents can enact or shape their environment (Pfeffer & Salancik, 1978; Weick, 1979). Austrian Economists argued that the theoretical focus should be on market process instead of equilibrium conditions in the efficient markets (Knight, 1921; Schumpeter, 1942; Kirzner, 1979; Little Child & Owen, 1980; Nelson & Winter, 1982). The theory highlights power differentials between the principals and agents as being critical in the determination of the nature of principal and agents contracts with the structures that guide bot agents and principals (Hill & Jones, 2001). Agency literature postulates that satisfaction of principals and agents involves maximization of a firm's efficiency (Farma, 1980). The decision process of multinationals with parent and subsidiary branches represents principals and agents with diverse business environments. Gooderham (2012: 7) indicates that agency theory and resource dependency theory suggests that the political

character of multinational enterprises (MNEs) particularly dissembled when corporate headquarters seek to move MNEs from a multi-domestic to a global strategy. Nohria and Ghoshal (1994: 492) furthermore stress that agency theory assumes the headquarters' subsidiary relationship in MNEs self-interest and opportunism whereby the interests of the customers in the subsidiaries aligned with the headquarters.

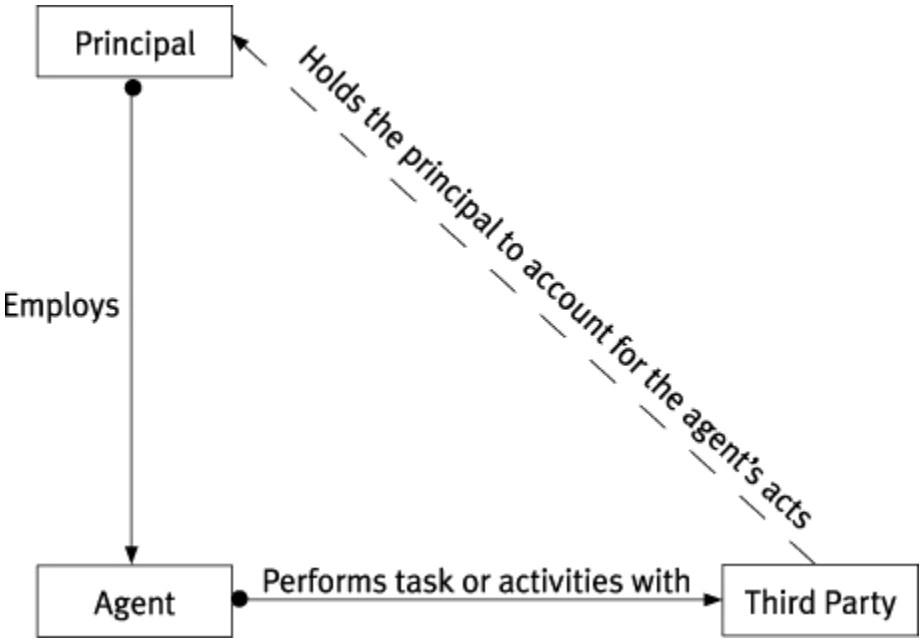

Figure 2-5: A model for interaction between principle, agents, and third party

Source: Kaplan Financial management (2011)

The framework above in ***figure 2-5*** by Kaplan financial management illustrates the process of interaction between the agent and principle. In the contract enable the principal which is the headquarters to employ the agent to perform tasks, and the principal still undertakes the role of making sure that the agent is held accountable for the commitments. The agency theory articulates the relationship between headquarters and subsidiaries. The agents can employ a third party to undertake roles and responsibilities on behalf of the principle. The resultant strategy and competitiveness by multinational is a result of the relationship between the principals and agents.

The principals which are the headquarters (parent) and the subsidiaries work towards the achievement of desired goals for both the agents and principal (Nohria and Ghoshal, 1994: 492). Multinational corporations attain desired goals through efforts norms, cognitive conflict due to different environmental orientations, compelling conflicts, process conflicts, presence and use of skills

available in the various levels of the organisation and cohesiveness. This process continues as the contract executed by strategic planning, service provision and monitoring by both Head quarters and subsidiaries. Continuously the agency theory enhances cohesiveness between the headquarters and affilliates. The agency theory provides insight on how the head offices and branches act on behalf of each other. However, the theory has come under heavy criticism as one based on a negative view of human behaviour that can stimulate the opportunistic response it seeks to control (Ghoshal, 2005). Bruce et al. (2005) criticize the agency theory for relying on an assumption of self-interested agents who try to maximize personal economic wealth (Bruce., Buck., & Main, 2005). The theory criticized for failure to deal with diverse self-interested agents that may not seek to meet the desires of the principals. The critique of agency theory is that employment contracts have difficulty in compensation mechanisms and supervisory schemes (Deming, 1986).

The agency theory highlights the working relationship between the headquarters and subsidiaries, where decision making and execution. The theory provides insight on the challenges due to self interests and inadequate information by entities and individuals in the achievement of competitiveness across the different subsidiaries. The theorical proposition is critical in highlighting the aspects that can undermine the performance of cross-border competitiveness as a result of a conflict of interest and inadequate information by agents acting on behalf of principles. The discussion on the theory acknowledges that effective management of the relationship between the subsidiaries is critical for competitiveness. The cross-border framework that enhances competitiveness has to provide appropriate mechanisms for subsidiary and headquarters management of the relationship.

However, there are limitations in the theory in the process of providing adequate insight to cross-border banks with an approporiate framework to facilitate competitiveness in dynamic business environments. A merit in the theory is basic attempt to explain the relationship between headquarters and subsidiary managers in cross-border banking.

2.1.2. 4 Cultural Convergence Theory

The cultural convergence theory offers insight on mechanisms used by MNCs to understand the diverse value systems in the different international operations (Mead & Andrews, 2009). Convergence theory has been extensively discussed by management scholars (Webber, 1969; Ralston., Gustafson., Cheung, & Terpstra, 1993; Ralston, 1997; Scheineder and Barsoux, 1997; Andrews &

Chopsuri, 2001; Mead & Andrews; 2008). The multinational corporations in the process of undertaking cross-border operations have variously explored the process of cultural development in the headquarters and subsidiaries diversely impacting of transnational strategy and competitiveness.

The theory emerged from the works of Webber (1969) who established that industrialized countries significantly influenced the less industrialized to adopt similar value systems. The industrial development of the time also considerably affected the spread of Western capitalism (Ralston, 2008). Convergence theory assumes that organisations are primarily driven by efficiency regardless of the territorial operation (Ralston, 1997; Scheineder & Barsoux, 1997). The proponents of convergence theory emphasise macro variables; technology, systems, organisation structures, policies and procedures for shaping or transformation of the value systems (Andrews & Chopusri, 2001). The process of convergence has contributed towards convergence of multinational cultural orientations towards the parent value systems by use of technology (Mead and Andrews, 2008). Convergence theorists argue that regulatory forces promote the creation of value systems in the subsidiary (Kostova, 1999).

The theory has its roots in the functionalist perspective, which assumes that societies have specific requirements that survive and operate efficiently (Crossman, 2014). This argument seeks to explain the management response strategies for subsidiaries to develop similar cultural orientation from the headquarters and subunits. Schneider and Barsoux (1997), note that convergence theorists assume that organisations are increasingly driven by the same desire for efficiency regardless of society in which they operate. Weber (1969), convergence is the transformation of value system leading to the change in culture away from social-cultural influences. Convergence theory states that organisations converge towards other forms of social organisation (Crossman, 2014). International pressures originate from the headquarters of the subsidiary while the external forces are from the institutional environment that is the territory that the organisations are working. Mead & Andrews (2009), internal pressures emanate from with the corporation while external forces emanate from the institutional environment of the territory which the subsidiary is embedded. Child (2005), current organisations is characterized by centralizing authority and initiative through formal authority by use of hierarchical channels with mandatory rules based on individual hierarchical level.

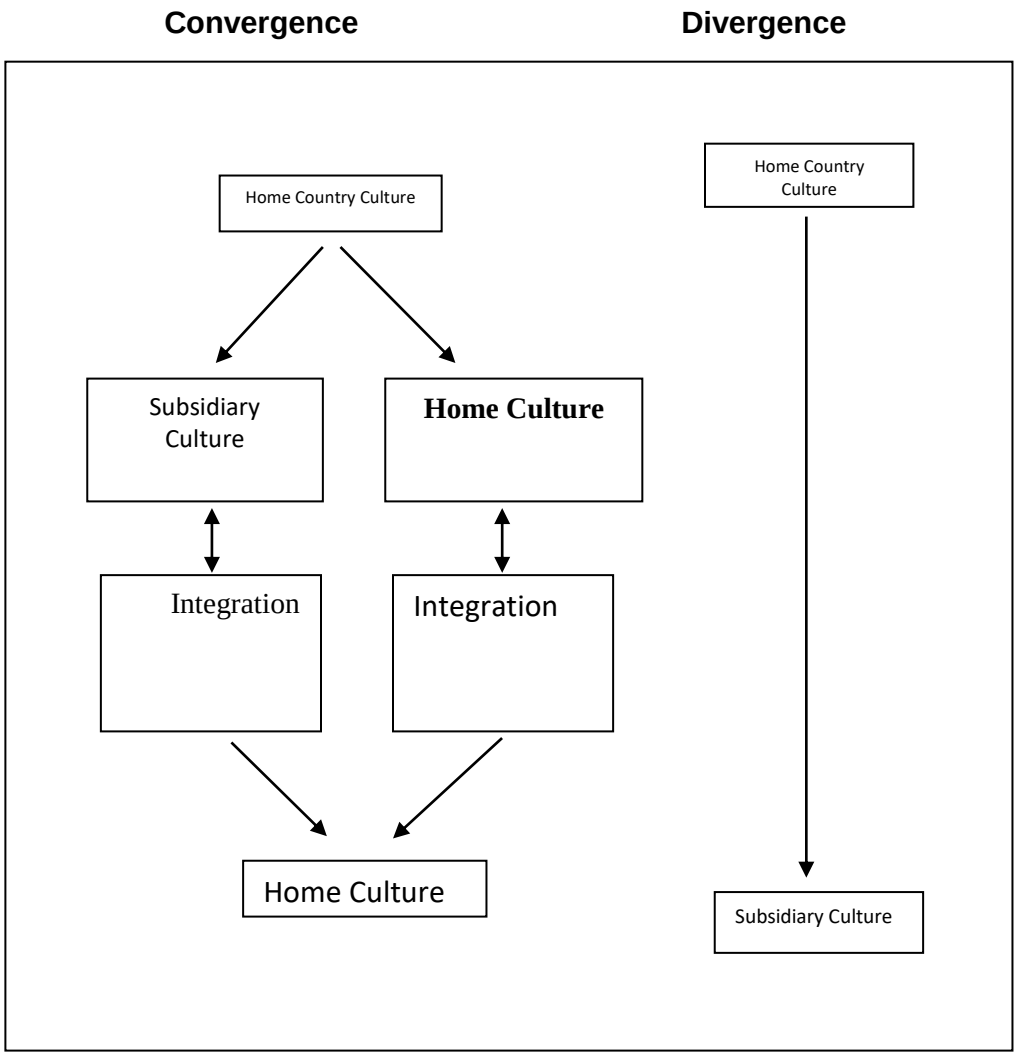

Figure 2-6: A model for cultural convergence and divergence in multinational operations

Source: http://image.slidesharecdn.com/hrmcoo-100823055625-phpapp01/95/ihrm-hrmcoo-36-728.jpg?cb=1282543019.

The framework above in ***figure 2-6*** illustrates the process of convergence and divergence of values towards and away from the parent (headquarters). The headquarteroffices in the method of enhancing efficiency undertakes to streamline the values, philosophies, systems, process, and structures work towards converging of value system, therefore, transforming the culture towards the headquarters cultural orientation. The multinational undertakes convergence of the subsidiary culture by modifying the value systems to resemble the headquarters as well as to the globally acceptable management principles for the branches through standardisation. A common belief guides convergence theorists that all organisations desire to be efficient regardless of background with emphasis strengthening; systems, organisation structure, and technology to

enhance convergence of cultural orientation. The headquarters and subsidiaries seek to have similar operations at the headquarter offices and affilliates.

The theory explores the process of how resource-based and dynamic capability views of a firm can inform corporate level strategy (Jørgensen, 2011). The theory argues that cultural orientations of the subsidiary converge towards headquarters orientations through the influence of technology as organisations driven by efficiency (Ralston, 2008; Ralston, 1997; Scheineder & Barsoux, 1997). The proponents of convergence theory emphasises macro variables; technology, systems, organisation structures, policies and procedures for shaping or transformation of the value systems (Andrews & Chopusri, 2001). The cultural convergence theory is critical in the establishment of an appropriate strategy for competitiveness by Multinational Corporation. The theoretical proposition highlights the value formation enhanced through centralization. The approach adopted by convergence theory emphasises convergence of culture of the subsidiary towards the cultural orientations in the headquarters. The cultural convergence theory provides insight into the process of value creation by the confluence of cultural adjustments of the branches to parent offices. Cultural convergence theory envisages competitiveness to be harnessed by general and global configuration enhanced the use of one strategy for competitiveness (Birnik, 2007; Gooderham, 2012; Birnik, 2007; Motohashi, 2015; Verbeke, 2013; Buckley and Ghauri, 2015). The process of value creation is enhanced through the convergence of cultures to suit the parent systems. Efficiency, risk management, learning, and innovation by merging.

However, recent studies argue that the process of convergence doesn't necessarily lead competitiveness (Hofstede, 1984; 1991; 2001; Trompenaars, 1996; Sivakuman and Nakata, 2001). The firm ends up incurring more costs; poor decision making slows decision making as headquarters are not in a position to efficiently add value. Goold, Campbell, and Alexander (1998) argue that headquarter offices should avoid intervening in business unnecessarily a part of value addition and positive influence. This school of thought promoted by scholars from divergence perspective who believe that value creation using different strategies across different markets. Johnston and Johal (1999) argue that internet and technology facilitate the process of convergence in multinational corporations. Huo., Huang., and Napier., (2002) link convergence and recruiting when they state that they "foresee an accelerated pace of global convergence in hiring practices as a result of the advancement of contemporary information technology.

Despite these propositions, convergence theory has proved valuable in the establishment of cross-border strategies employed by multinationals. Intervention

by parents by use of technology, systems, policies, structures and supported by the use of the internet (Johnston and Johal, 1999; Mead & Andrews, 2008), has continued defining competitiveness.

Multinational corporations have continued to create value by integration of operations using cultural convergence theory. Global and international configuration by a combination of the value systems of the subsidiaries towards the parent value systems using technology, procedures, systems, policies, structures, and systems.

2.1.5 Cultural Divergence Theory

The cultural divergence theory provides insight on mechanisms used by MNCs to understand the diverse value systems in the different international operations (Mead & Andrews, 2009). Proponents of divergence theoretical orientations argue that despite deliberate efforts by multinationals to converge the cultural value systems of the different the subsidiaries in various geographical locations retain the cultures of their localities. Convergence theory has been extensively discussed by management scholars (Webber, 1969; Ralston *et al.,* 1993; Ralston, 1997; Scheineder & Barsoux, 1997; Andrews & Chopsuri, 2001; Mead & Andrews; 2008). Advocates of cultural divergence theory argue that managers in the different localities preserve national value systems despite external and macro-level influence from the headquarters (Robertson & Smith, 2001; Laurent, 1986; Khiliji, 2002). The multinational corporations in the process of undertaking cross-border operations have variously explored the process of cultural development in the headquarters and subsidiaries diversely impacting of cross-border strategy and competitiveness.

Divergence proponents argue that cultural conditioning in every society takes place at an early age and significantly influence the way individuals perceive the world (Mead & Andrews, 2008). Kostova & Roth (2002) argue that cognitive forces as being responsible for retention of the value systems of subsidiaries. Schemata and stereotypes are accountable for the cognitive process during divergence. Divergence theory contradicts convergence theory as divergence theory believes in value systems deviate from the headquarters. The convergence theoretical proposes similarity in the value systems in the subsidiary with the parent. However, the theoretical convergence propositions don’t go unchallenged (Brewster & Tyson, 1991). The divergent academic proponents argue that because of different cultural orientations between the subsidiaries and headquarters; “cultural differences in managerial attitudes and methods fade with time and exposure to different cultures" (Kerr & Siegel, 1955;

Kerr et *al.,* 1960; Kerr, 1983; Brewster & Tyson, 1991:241**).** Hofstede (1991) and Trompenaars (1993) suggest that “there are deep-rooted cultural differences between societies which are not susceptible to rapid change" (Brewster & Tyson, 1991: 4). The theory argument is that economic change and technological development not automatically lead to total convergence of managerial approaches (Verhoeven, Chansarkar & Williams, 2009); by incorporating national culture as a critical variable in the international business research (Sivakuman and Nakata, 2001), established that cultural orientations of the subsidiaries never converged towards the orientations of the headquarters.

The framework above in ***figure 2-6*** illustrates the process of divergence of values away from the parent (headquarters). The parents in the method of enhancing efficiency undertake to streamline the values, philosophies, systems, process, and structures work towards converging of value system, therefore, transforming the culture towards the headquarters cultural orientation. However, the challenge is the strength of the subsidiary leads to the divergence of the cultural direction from the headquarters towards the local organisations. This process leads to the creation of value systems in the affilliate which is different from the parent despite efforts of headoffice to transform the value systems towards the headquarters.

The theory explores the process of how resource-based and dynamic capability views of a firm can inform corporate level strategy (Jørgensen, 2011). The theory argues that cultural differences between the headquarters and subsidiaries can’t suddenly diminish (Hofstede, 1984; 1991; Trompenaars, 1996). The cultural divergence theory is critical in the establishment of an appropriate strategy for competitiveness by Multinational Corporation. The theory asserts that the process of value system formation in the subsidiary diverge away from the headquarters as a means of responding to dynamics. The cultural divergence theory highlights the conditions that must be present for the parent to create value in the organisation. However, recent studies argue that the process of convergence doesn’t necessarily lead competitiveness (Hofstede, 1984; 1991; 2001; Trompenaars, 1996; Sivakuman & Nakata, 2001). The firm ends up incurring more costs; poor decision making slows decision making as headquarters are not in a position to efficiently add value. Goold, Campbell, and Alexander (1998) argue that bases should avoid intervening in business unnecessarily a part of value addition and positive influence. The divergence theory provides insight to the Multinational corporations on mechanisms for the development of an appropriate strategy and competitiveness. Divergence theory argues the process of value creations in the subsidiaries always diverge from the headquarters cultural orientations. The most suitable approach is the development of diverse strategies across the different affilliates and

competitiveness or value creation is enlisted by alignment of firm strategy to the local dynamics in the various locations. Goold and Campbell (2002) argue that corporate parents can destroy competitiveness by incurring unnecessary overhead costs, slowing decision making, and making poor decisions.

However, there scholars that argue that in despite the argument put forward by Divergent theory but appropriate intervention by the headquarters can enhance competitiveness. The approach provides insight on mechanisms of how corporate entities use parental intervention for value addition (Goold, Campbell & Alexander, 1998). This process of response by the parents needs to be made by use of technology, systems, policies, and structures and supported by the use of the internet (Johnston and Johal, 1999; Mead & Andrews, 2008). Despite cultural orientations of the subsidiaries and headquarters but value creation needs to enhance by headoffice. Dynamics in cross-border operations have dynamic challenges and opportunities across different markets that require unique strategies. The theory rightfully identifies mechanisms that are used by the headquarters for enhancing integration and coordination but this may come with negative consequences. Competitiveness across diverse markets comes with distinct strategies that efficiently with much parental control.

Cultural divergence theory envisages competitiveness to be harnessed by multi-domestic configuration. By the divergence theory, value creation by the nature of subsidiaries with different strategies. Divergence theoretical proposition is that multi-domestic approach is more appropriate for competitiveness as value systems of the affilliates are resilient to change. The multi-domestic configuration enhances competitiveness where the strategy and operations are completely different from each other (Diaconu, 2011; Birnik, 2007; Child, 2005; Gooderham, 2012; Verbeke and Kenworth, 2008). The cultural divergence theory provides insight into how multinational corporations undertake the process of development of a strategy and competitiveness through value system interactions. Multinational companies must understand the cultural orientations in the subsidiaries under mechanisms for competitiveness by adopting the multi-domestic strategy. The discussion on the theory of cultural divergence acknowledges that parental influence doesn't necessarily add value and enhance competitiveness. The cross-border framework that enhances competitiveness has to provide appropriate mechanisms for control and freedom to improve competitiveness.

Divergence theorists argue that social; cultural forces are the driving force that causes individuals from society to retain a specific value system of the community to maintain the particular value systems of societal, aesthetic culture through time, regardless of other possible influences such as technology,

economic policies and political change (Weber, 1969). Hofstede (1997) argues that influences like education and economic development can affect a country's position specific cultural dimensions, but qualifies by stating that the relative positions of the cultural dispensation resilient.

2.1.6 Cultural crossvergence theory

The crossvergence theory provides insight on the interaction between the head quarters and the subsidiaries to produce unique value systems that are not similar to the parent or subsidiary. Crossvergence was coined by Ralston, Gustafon, Terspstra & Cheung (1993) as a synergetic perspective of value formation and evolution that addressed previously incomplete convergence and divergence theories of value formation (Andrews & Chompsuri, 2004). The theory has been extensively discussed by scholars in management science cultural orientation (Ralston *et al.,* 1993; Ralston *et al.,* 1997; McGaughey & De Cieri, 1999; Ralston *et al.,* 1999a; Ralston *et al.,* 1999b; Egri., Ralston., Murray., Nicholson, 2000, Egri & Ralson, 2004; Spicer, 2006; Ralston *et al.,* 2006; Ralston, 2007; Ralston, 2008) who have carried out studies to assess the mechanisms used by corporate parents to add value in multi-business contexts. MNCs' dynamics involve creation and formation of cultures that guide the operations of the various business units.

The crossvergence perspective was an extension from the convergence-divergence (Ralston *et al.,* 1993); as the results of their study highlighted that the managerial values of a country by both culture and business environment. Crossvergence theory provides insight towards the development of the strategy and competitiveness in a multinational through convergence and divergence: crossvergence. Ralston *et al.,* (1997: 183) broadened the definition of crossvergence: "crossvergence advocates that the combination of socio-cultural influences and business ideology influences is the driving force that precipitates the development of new and unique values systems among individuals in society due to the dynamic interaction of these influences." The interaction between the headquarters and subsidiaries drive the strategy and competiveness by the development of unique value systems in the affilliates and head offices.

The theory was extended by McGaughey and De Cieri (1999) through the development of a conceptual framework based on micro-, macro-, and meso-level organisational variables and processes facilitating four different mechanisms for crossvergence. Crossvergence theory provides insight as to the mechanisms that the value systems at the various levels of the organisation interact to form new value systems.

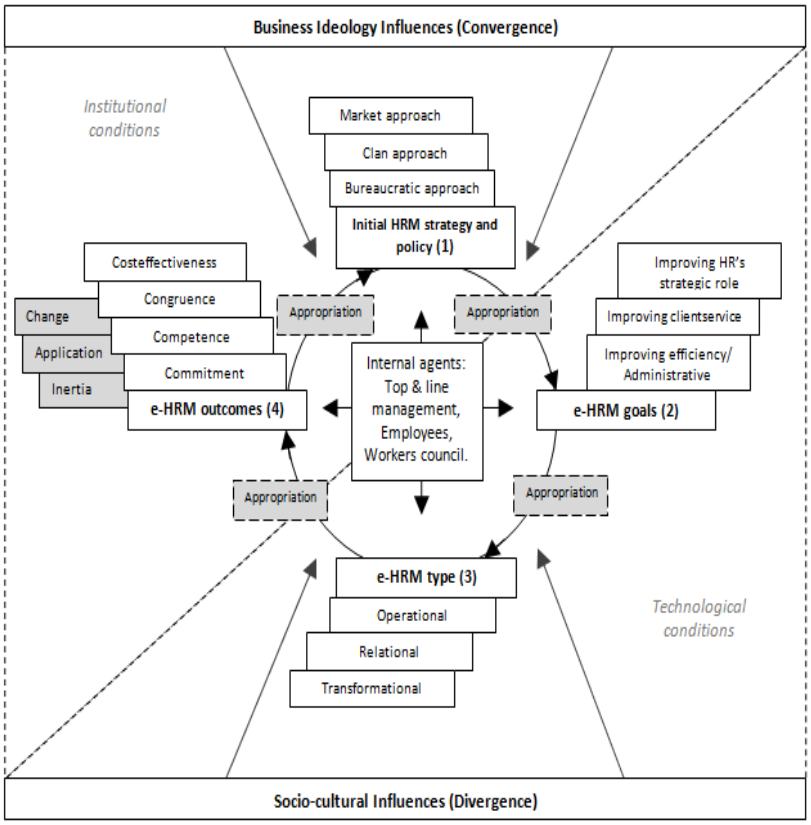

Figure 2-7: A model of crossvergence explaining the development of culture

Source: http://image.slidesharecdn.com/hrmcoo-100823055625-phpapp01/95/ihrm-hrmcoo-36-728.jpg?cb=1282543019

McGaughey and De Cieri (1999) argue that the new value systems during interaction between the headquarters and subsidiaries take place in four different dimensions assimilation, separation, integration, novelty, and maintenance. The crossvergence theory takes place on micro-, macro-, and meso-level organisational variables and processes through convergence and divergence (Koldewijn, 2009). Assimilation process takes place when an entity loses a part of its characteristics by adopting norms from another body (McGaughey and De Cieri, 1999; Koldewijn, 2009). In the process of cross-border banking, the subsidiary through '*assimilation'* encourages the emergence of a multi-domestic cross-border strategy. '*Integration'* mechanism involves combining characteristics of two or more entities during the process of convergence and divergence (Koldewijn, 2009). '*Separation'* mechanism involves purposefully avoiding integration of the characteristics of the other entity (Koldewijn, 2009). Novelty mechanism involves interaction between the micro, macro and meso level of the organisation but doesn't maintain its characteristics or that from the other entity. McGaughey and De Cieri (1999) introduced '*maintenance'* as an option where

the entities keep the level of similarity or dissimilarity as a possible direction. Spicer (2006) in his study instead of arguing that organisational logics are converging into the same framework claimed that organisational logics are *transforming*. The process of transformation means that when organisation logics move across space, they continuously changing (Koldewijn, 2009). The crossvergence theory is critical in the determination of the level of standardisation and localisation by a multinational corporation. The combination of convergence-divergence plays a significant role in the process of standardisation-localisation in cross-border dynamics (Porter, 1986; Prahalad and Doz, 1987). The mechanisms of interaction of the value system in the typical cross border ventures are concentrated on the company or meso-level, while convergence-divergence is more focused on the macro-level (Pudelko and Harzing, 2007).

Crossvergence theory explains the interaction between the cultural elements from the parent and subsidiary organisations (Ralston *et al*., 1993; Ralston *et al.,* 2006; Ralston, 2007; Ralston, 2008). Mead and Andrews (2009: 416) argue that crossvergence as a process where work values formed as a result of this confluence of cultural forces between the headquarters and subsidiaries. Crossvergence enables the formation of a unique value system developed from the synergistic incorporation of a specific business ideology and socio-cultural influences in each host country context (Ralston (2008). The theory therefore provides insights on the emergence of the diverse strategies by MNCs through interaction in the value systems through assimilation, integration, separation, novelty, maintenance and transformation (McGaughey and De Cieri, 1999; Spicer, 2006) at macro-, and meso organisation level (Koldewijn, 2009) development of a strategy and competitiveness. Global and international strategies emerge as a result of similarities in value systems in the parent and subsidiaries. The global configuration enhances the use of one approach for competitiveness (Birnik, 2007; Gooderham, 2012; Motohashi, 2015; Verbeke, 2013; Buckley and Ghauri, 2015). The multi-domestic configuration where the different cross-border subsidiaries have entirely different value systems requires multi-domestic configuration. The multi-domestic arrangement enhances competitiveness where the strategies and operations are completely different from each other (Diaconu, 2011; Birnik, 2007; Child, 2005; Gooderham, 2012; Verbeke and Kenworth, 2008). The transnational configuration is appropriate where there mixture of both similarities and differences in the formal and informal institutions. The transnational arrangement enables the organisation to simultaneously respond to global and local responsiveness and global learning (Child, 2005; Birnik, 2007; Birkinshaw & Gibson, 2004; Gibson & Birkinshaw, 2004; O'Reilly & Tushman, 2004; Duncan, 1976; Tushman & O'Reilly, 1996). This circumstance as multifocal (Prahalad and Doz, 1987) or transnational

(Bartlett, 1986; Bartlett and Ghoshal, 1989) and requires organisational ambidexterity to respond to disparate and often conflicting demands at the same time.

Rosenzweig and Nohria (1994) defined standardisation-localisation as the extent to which subsidiaries of multinational companies (MNCs) behave as local firms (localisation) versus the dimension to which their practices are similar to those of the headquarters (standardisation). Localisation and standardisation are critical in determining the strategies undertaken by the multinational corporation and competitiveness of the company. Multinational companies are more likely to localise practices as opposed maintenance of parent practices (Pudelko and Harzing, 2007; Leat & El-Kot, 2007). *Crossvergence theory plays a critical role in the development of a strategy and competitiveness predominantly;* HRM practices (Myloni., Harzing., and Mirza, 2004). Laurent, (1986) argued that HRM practices of the parent could be antagonistic to national cultural values of the subsidiary as HRM system that is successful in one culture doesn't have to be successful in another.

2.1.7 Social network theory

The social network theory seeks to explain the relationship between the head office and the subsidiaries. The theory undertakes the explanation of the interaction between the affilliates and headquarters by assessing how people, organisations or groups interact with others inside their network (Claywell, 2016). The theory has found relevance in different fields neuroscience (Neves., Cooke., & Bliss., 2008), physics (Newman, 2003; Newman, 2006), political science (Fowler, 2006; Cranmer & Desmarais, 2011; Kirkland, 2011), economics (D'Exelle & Holvoet, 2011; Sundararajan *et al.,* 2012; Jackson & Lopez-Pintado, 2013), anthropology (Zachary, 1977), management science (Levin and Cross, 2004; Aral & Alstyne, 2011; Aral., & Alstyne, 2011; Aral., & Walke, 2012; Aral., Brynjolfsson ., & Alstyne , 2012; Aral., Muchnik., & Sundararajan, 2013), statistics, (Hoff., Raftery., & Handcock, 2002; Raftery *et al.,* 2012), computer science (Gomez-Rodriguez., Leskovec, & Krause, 2010; Du., Da., Trivedi., Upadhyay., Gomez-Rodriguez., & Song, 2016; Krafft., Moore., Desmarais., and Wallach, 2012), psychology (Moreno, 1934; Aral & Walker, 2012), engineering (Lubin., Shore., & Ishakian., 2013) and of course sociology (Marwell., Oliver., & Prahl, 1988; Stackman & Pinder, 1999; McPherson., Smith-Lovin., & Cook, 2001; Moody, 2001; Zachary, 1977; Watts., & Strogatz, 1998; Watts., Dodds., & Newman, 2002).

The social network theory has found prominence in the management field innovation (Obstfeld 2005), creativity (Burt 2004), and unethical behavior (Brass,

Butterfield, and Skaggs 1998). Management science has adopted the social network theory as a tool for diagnosis and prescription (Anklam 2007; Baker2000; Bonabeau & Krebs 2002; Cross, Parker & Borgatti 2000).The social network theory provides insight on actors, and the relationships between them are crucial to the work of theorists, social scientists, politicians, and even marketers (Claywell, 2016). The theory broadly defined as a web of personal ties and connections that enable individuals to secure favours such as access to information (Granovetter, 1985; Burt, 1992). The social network theory provides insight into inner workings of a network in the process of decision making and allocation of resources. The theory is critical for cross-border banking explaining the random connection among the people, useful in the study of large groups and understanding how their members relate to others in the group (Claywell, 2016). The social network is the basis of providing insight on the spread of philosophy, values, beliefs, and norms of the organisation.

Social network theory explains the relationships by using concepts of the actor, tie, network, multiplex networks, weighted ties, and group. An actor also regarded as a node or a vertex, referrers to an own hat can have relationships with other individuals and in this case, an individual or group of individuals we are choosing to study (Burt, 2005; Burt, 2007; Denny, 2014). The tie regarded as a relation or edge describes a particular well specified relationship between two actors (Denny, 2014). The network according to the social network theory consists of nodes or actors together with ties of specified type linking the actors (Borgatti & Foster, 2003; Borgatti., Mehra., & Labianca, 2009; Halgin, 2009; Borgatti, & Halgin, 2011). The social network theory nodes are often individuals or collectives of individuals who are corporate boards, organisations, and nations that interconnect through shared endpoints to form paths that indirectly link nodes that are not directly tied (Borgatti & Foster, 2003; Borgatti *et al.,* 2009; Brass & Halgin*,* 2012). Multiplex networks are networks with more than one kind of tie present (Denny, 2012); multinational corporation managers from headquarters and subsidiaries network with diverse types of ties between actors. The concept of the weighted relations provides insight as to how networks can contain multiple different kinds of edges between actors; they can also include relationships of varying strength (Burt, 2004; Burt, 2005; Burt, 2007; Denny, 2014).

The social network theory a group in a network is just a subset of the actors with similar characteristics in common. A critical examination of an organisational system provides different groups with actors consisting of different attributes like all actors working in one department have identical features. The definition of categories as commonality on some salient trait allows us to examine some network hypotheses and defined useful measures that are conditional on

knowing the group membership of actors (Denny, 2014). Geodesic Distance is the least number of connections (ties) that must be traversed to get between any two nodes (Denny, 2014).

The social network theory provides insight on the degree of clustering to facilitate the process of transmission of ideas from actors and nodes. The degree of clustering in a network is related to the efficiency with which information can diffuse over the system, as well as its robustness to disruption (Latora and Marchiori, 2001; Newman, 2003; Suri and Watts, 2011; Mason and Watts, 2012). The social network argues that a homophile process where actors with similar traits within the social system are more likely to form ties (Ibarra, 1992; Straits, 1996; McPherson *et al.,* 2001; Centola., Gonzalez-Avella., Egu ´ ´ıluz., & Miguel, 2007; Goodreau., Kitts., & Morris, 2009; Kossinets & Watts, 2009; McDonald, 2011).

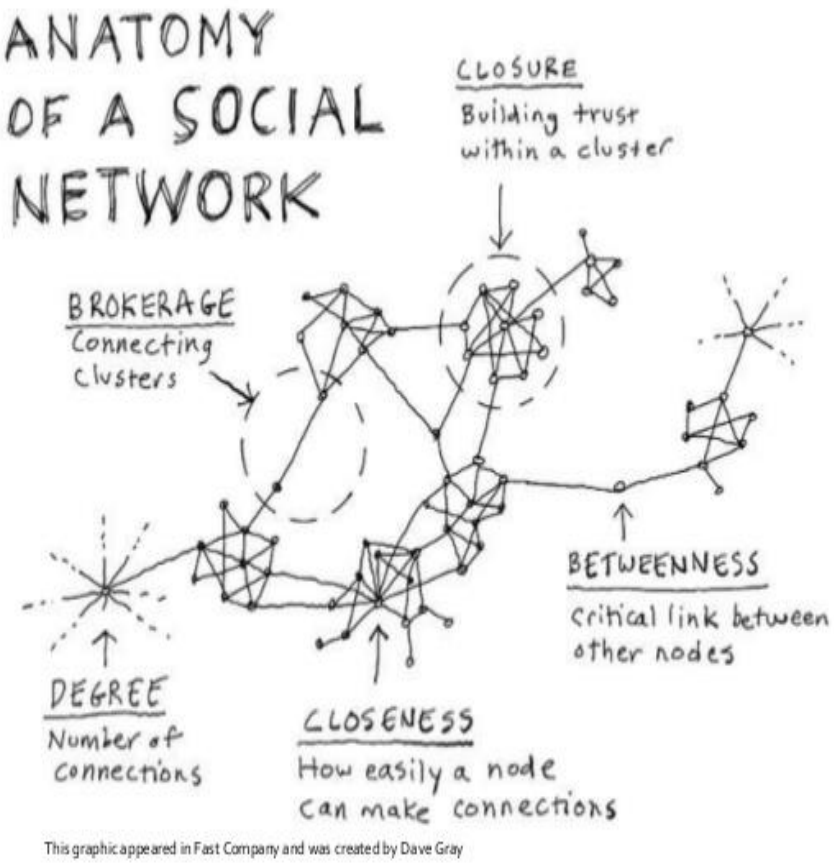

Figure 2-8: A model explaining the influence of Network Theory

Source: Fast company creation by Dave Gray

The framework in ***figure 2-8*** provides an anatomy of the social network aided by brokerage of connecting clusters within the systems. The model explains the process of network development in multinational environment constituting of headquarters and subsidiary branches. The network strengthened by degree, closeness, betweenness, brokerage, and closure between the divers' subunits with the head office. The degree determined by the number of connections and proximity is established by how quickly a node can make connections. The multinational enterprise therefore by the different subunits has to develop networks and determine the level of closeness. Brokerage which is connecting clusters is critical together building trust between the various subunits.

Social network theory emphasizes how social relations among subsidiaries and their managers within MNEs is a necessary condition for effective cross-subsidiary collaboration (Martin and Eisenhardt, 2010). Nahapiet and Ghoshal (1998) extended the social network theory by arguing that ties on their own do not enable collaboration, but relations characterized by shared vision, same language, identification and mutual trust. Knowledge is socially embedded (DiMaggio and Powel, 1983; Lave and Wenger, 1991; Vygotsky, 1986; Gooderham, 2012). Knowing is a social act, the tools we use for thinking and acting, the categories available to us through which we know are products of social action and negotiation. Collective knowledge is such that individuals can only be proficient once they are socialized into the organisation and have acquired much of the mass consciousness that underpins the way things (Spender, 1996: 54).

The social network theory provides insight on the cross-border banking by highlighting the concept of degree of centrality, betweenness centrality, closeness centrality, eigenvector centrality, and brokerages facilitates the process of development of a strategy and competitiveness by Multinational Corporation. The degree of centrality provides mechanisms as to how centrality measures how central or well connected an actor is in a network (Denny, 2014). The social network highlights how the parent or headquarters actors undertake more control, therefore, emergence of global and international strategy. Social network theory by use of the concept of betweeness centrality defined as the number of short paths between alters going through a particular actor. Network theory intuitively measures the degree to which information or relationships have to flow through a specific actor and their relative importance as an intermediary in the network. The controls provided by the headquarters as to how much information goes through the center determines the emergence of a strategy and competitiveness in cross-border banking. The theory highlights that closeness centrality which is measured by geodesic distances from an actor to all alters in the network (Denny, 2014); captures the intuition that short path lengths between

actors signal that they are closer to each other. Social network theory underlines the concept of eigenvector centrality measuring the degree to which an actor connected to other well connected actors (Zacchary, 1977). Brokerage describes the position which actors occupy enabling them to broker interactions between other actors in the network. The theory provides five kinds of brokerage relationship; coordinator, itinerant, gatekeeper, representative, and liaison (Zachary, 1977; Gould and Fernandez, 1989). The brokerage relationships adopted by the headquarters and subsidiary managers are critical in the establishment of strategy and competitiveness by the multinational. Headquarter offices and subsidiaries are running the brokerage (Gould and Fernandez, 1989) command in its most basic form; it returns to you a lot of information. A transitive relationship is one where two nodes being connected to a third increase the likelihood that they attach themselves (Hoff *et al.,* 2002; Carpenter., Esterling., & Lazer., 2004). Structural Equivalence concept describes actors occupying the same position in the network relative to all other actors (Lorrain and White, 1971). The properties established by the social network theory are critical in the determination of the cross-border strategy as the characteristics provide insight on individual actors or subsets of actors in a network. The features together with properties are vital because they impost structure on the entire space of interactions and relationships and can have profound aggregate effects on how actors in the network behave and function as a whole (Denny, 2014). Centralization degree, betweenness, closeness, and eigenvector are measures of centrality provide insight on the standard of the unevenness of the centrality scores of actors in a network. This test is an excellent way to express the idea that there are couples of very powerful or essential actors in a system or that power/importance is spread out evenly in a straightforward measure (Ward., Stovel., & Sacks., 2011).

2.1.8 Resource dependence theory

Jeffrey Pfeffer developed the resource dependency theory, and Gerald Salancik first published in their work: “The External Control of Organisations, A Resource Dependence Perspective” (Pfeffer & Salancik, 1978). The theory was developed to guide organisations that are externally constrained (Pfeffer & Salancik, 1978, p. xi). Resource dependency theory built on the works of earlier scholars that undertook analysis organisation context perspective (Emerson, 1962; Blau, 1964; Jacobs, 1974; Aldrich & Pfeffer, 1976, p. 80). The works of earlier authors Emerson (1962) and Blau (1964) provided the authors of the resource dependency theory with a fundamental concept for resource dependence theory for emerging powers among organisational participants. Jacobs (1974) provided a basis of the resource dependence theory in understanding how different

organisations controlled through the exchange relationship with their environment. The theory also benefited from the earlier works of Pfeffer and Salancik; a micro-perspective on agencies and the previous publications (Pfeffer 1972a; Pfeffer, 1972b; Pfeffer, 1972c; Aldrich and Pfeffer, 1976; Pfeffer and Nowak, 1976).

The authors of the resource dependence theory had the intention to gain more insight on the concepts of resource interdependence, external social constraint, and organisational adaption (Pfeffer & Salancik, 1978). Development of the resource dependence theory that provided alternative perspectives to economic mergers and board interlocks as a means of understanding inter-organisational relations (Davis & Cobb, 2010: 5). The resource dependence theory argues that an organisation can be characterized as an open system which is dependent on contingencies in the external environment (Pfeffer & Salancik, 1978:1). The theory provides insight in the context of the behaviour of an organisation (Pfeffer & Salancik, 1978:1), has proved useful for understanding organisational environmental relationships (Drees & Heugens, 2013: 1688). Resource dependence theory defines an organisation as: “a coalition of groups of interests, each attempting to obtain something from the collectively, by interacting with others and each with its preference and objectives” (Pfeffer & Salancik, 1978: 36). The theory provides insight on the how the cross-border operations are highly dependent on the diverse environments that the organisation is operating. Multi-nationals find themselves in a unique challenge to maneuver between the domestic and international settings. The strategies adopted and the approaches for execution of effective strategy are highly dependent on the ecosystems. Pfeffer and Salancik (1978:26) argue that an organisation tries to survive in the environment by minimizing any situation of uncertainty and dependency by acquiring resources or establishing inter-organisational relationships (Delke, 2015). The theory also observes that organisational actions are constrained to the events in a corporate environment (Pfeffer and Salancik, 2003; Hillman., Withers., & Collins*.,* 2009: 17; Pfeffer & Salancik, 1978: 40). Resource dependence theory explains the system element are addressing the specific component and interaction (Delke, 2015). The system status represents the fourth part of the resource dependence theory discussing particular condition highlighting the cross-border ventures interaction between subsidiaries and headquarters in the process of strategy development and execution. Philosophy, the theory is always active in the organisational environment since organisations constrained by interdependency (Delke, 2015). Hillman *et al.,* (2009:2-3) argue that resource dependence theory operates heavily in situations where teams try to obtain resources or form an inter-organisational relationship. Nienhüser (2008: 10-12) claims that the central proposition of the resource dependence theory is that its organisational environment constrains the actions of organisations.

Therefore, corporate survival depends on acquisition and maintenance of resources. The theory also hypothesizes that agencies try to reduce uncertainty and dependency by the addition of critical resources from the organisational environment (Hillman *et al.,* 2009: 1). Additional hypotheses on the resource dependence theory assert that influential executives try to extend their power over their contribution to resource control (Nienhüser, 2008, pp. 18-24). Resource dependency theory posits that ability authority of resources that are considered strategic within the organisation (Pfeiffer and Salanick, 1978; Pfeiffer, 1981).

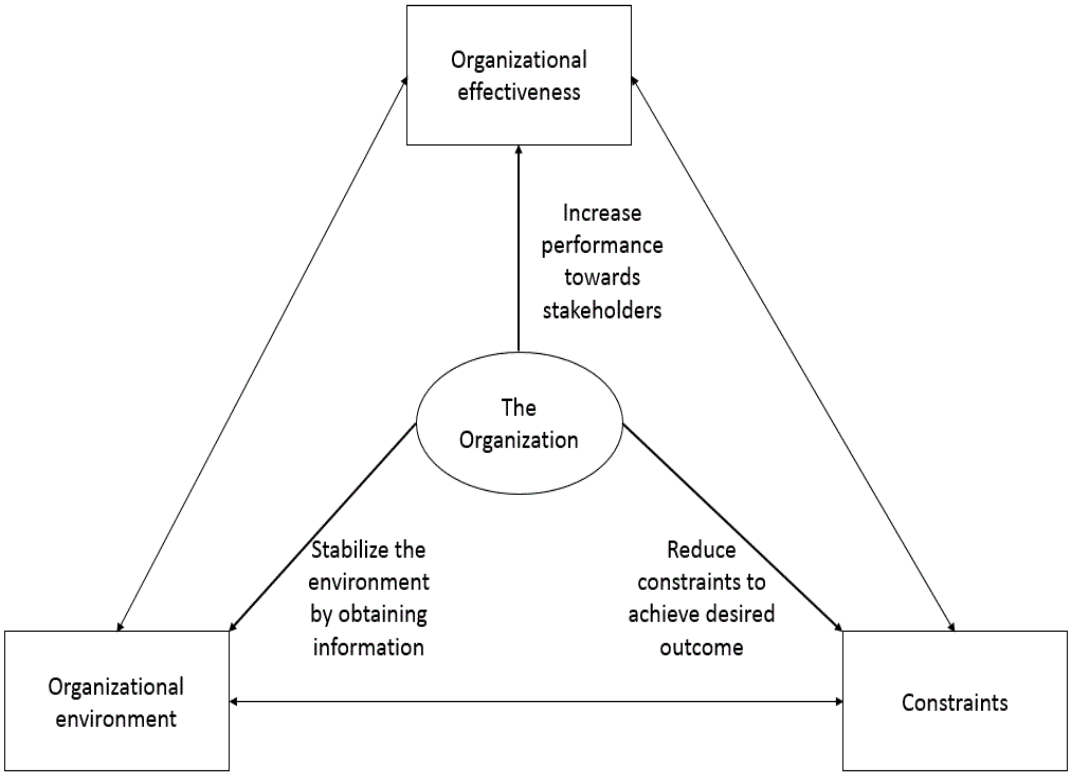

Figure 2-9: A model of resource dependence theory showing interactions within the organisation environment

Source: Delke, V. (2015). The Resource Dependence Theory: Assessment and Evaluation as a Contributing Theory for Supply Management

The framework in ***figure 2-9*** from demonstrates the model of resource dependency theory provides a framework as for how the organisation responds to the environment in which it operates. The organisations stabilize the climate by obtaining information regarding the unique attributes of the market; reduce constraints to achieve the desired outcome (Pfeiffer and Salanick, 1978; Pfeiffer, 1981; Delke, 2015). Organisation increases performance towards stakeholders to improve effectiveness, therefore, becomes more competitive (Delke, 2015).

Resource dependence theory provides insights on the emergence of the dynamics in cross-border strategies and implementation by multinationals. MNEs operate in divers' dynamic environments that influence actions of the different branches and headquarters. The resource dependence theory is credible for an explanation of the cross-border operations and compelling challenges that a rise as a result of operating in the different organisational environments. The dependence theory highlights significant elements as externally constrained environments, open corporate systems that depend on contingencies in the external environment, organisations minimize uncertainty and dependency by acquisition of resources from the environment, influence of foreign executives influence power by use of resources, and power as a result of resource control (Delke, 2015; Hillman *et al.,* 2009: 1; Pfeiffer and Salanick, 1978; Pfeiffer, 1981; Drees & Heugens, 2013: 1688). The configurations that can be adopted by the multinationals for competition across different markets are a result of competitive dynamics across different environments. Strategies result from constraints, response to diverse environmental forces in the various markets. Gooderham (2012) derives from the resource dependency theory that resources are another source of political strain to change the strategy. Bouquet and Birkinshaw (2008: 492) argue that MNEs resemble highly political arenas in which power games continuously take place. Mudambi and Pedersen (2007) who distinguish two political theory pillars upon which to understand decision-making by managers in headquarter offices and subsidiary agency and dependency theories. Global and international strategies emerge as a result of similarities in constraints in the external environments across the different markets being similar. The cross-border configuration of the competitive across the various market, in the same way, facilitates competition. The global strategy enhanced the use of one approach for competitiveness (Birnik, 2007; Gooderham, 2012; Motohashi, 2015; Verbeke, 2013; Buckley and Ghauri, 2015). Multinational adopt a multi-domestic configuration where the different cross-border subsidiaries have a completely different external environment, therefore, competitiveness achieved by differentiation (Diaconu, 2011; Birnik, 2007; Child, 2005; Gooderham, 2012; Verbeke and Kenworth, 2008). The transnational configuration is appropriate where there mixture of both similarities and differences in the organisation environments across diverse subsidiary markets therefore requiring a mixed strategy to simultaneously respond to global and local responsiveness and worldwide learning (Child, 2005; Birnik, 2007; Birkinshaw & Gibson, 2004; Gibson & Birkinshaw, 2004; O'Reilly & Tushman, 2004; Duncan, 1976; Tushman & O'Reilly, 1996).

A critical examination of the literature regarding the resource dependence theory the propositions, assumptions, and hypotheses postulated are appropriate for multinational corporations. Several scholars support the usefulness of the

resource dependence theory for studying organisational dynamics (Delke, 2015; Davis & Cobb, 2010, pp. 24-26; Hillman *et al.,* 2009: 11-12; Nienhüser, 2008: 28-29). However, some scholars doubt the usefulness of the theory to explain organisation dynamics due to the existence of ambiguities regarding constrained absorption (Casciaro & Piskorski, 2005: 168-169). They argue that organisational motivation to manage external dependency does not necessarily correspond with its ability to do so and refer to the issue that perceptions are often confounded with predictions within the RDT (Casciaro & Piskorski, 2005, p. 168). A critical analysis examination of the criticisms of the resource dependency theory provides insight that the criticisms are extensions to the original argument. The resource dependence theory is relevant in explaining organisation dynamics as the available literature confirms its relevance (Davis & Cobb, 2010: 10).

The resource dependence theory provides insight into the mechanisms that used by an organisation to adapt to the different environments. The arguments are critical in highlighting that reduction of constraints and acquisition of appropriate information is vital towards competitiveness of the multinational operations. However, the different organisational set-ups require different frameworks for competitiveness as there are diverse, unique aspects of business environments. The cross-border model that enhances competitiveness has to provide appropriate mechanisms for subsidiary and headquarters management of the relationship.

2.1.9 Theoretical gap

Institutional theory articulates the arrangements for the establishment of behaviour between subsidiaries and headquarters by formal and informal institutions. The theory doesn't adequately explain the mechanisms for adaptation of strategies employed by multi-national apart from highlighting underlying phenomenon for the creation of acceptable behaviour. The parent theory describes the relationship between subsidiaries and headquarters as a relationship between children and parents and the response constrained by the headquarter office by standardisation. The theory attempts to highlight the link but doesn't articulate the dynamics of the different environments that produce the response and strategies adopted by the subsidiaries and headquarters. The parent theory also doesn't appreciate the aspect of learning by the multinational from the affiliates. Institutional theory attempts to provide insight towards development of cross-border framework but the applicability of theory in real dynamics of cross-border banking by Kenya commercial bank for competitiveness basically remains theoretical. Applicability in relation to the various environments is not adequately articulated. The cross-border framework which has been developed and validated in the qualitative part of the study

predicts the responsiveness of the different frameworks on responsiveness as opposed to institutional theory which just provided highlights the formal and informal institutions in development of strategy and competitiveness.

Parent theory provided insight on the dynamics of relationships between the headquarters and subsidiaries in the process of undertaking cross-border banking. The theory generally provides an understanding of how the parent banks usually in the process of competitiveness use resources, control, policies, and strategic management to influence the subsidiaries. The theory is naïve about the explaining the critical aspect of the socio-cultural and political environments in shaping the frameworks. Political dynamics of the parent, subsidiary countries and relationship between the countries determines the emergence of the strategy and competitiveness of the cross-border bank. Parent theory is relevant to the extent that it generally attempts to explain the behavior of headquarter and subsidiaries. However, the theory doesn't articulate the unique issues of the critical issues of cross-border banking especially mechanisms adopted by a competitive cross-border bank in responding to the internal and external dynamics. The framework developed provides insight on the relationship between the parent and subsidiaries. Furthermore the contribution of the political and socio-cultural environment which was downplayed by parent theory appropriately determined. The framework mechanisms for cross-border bank to appropriately gain competitive advantage a cross borders.

The agency theory with deep roots in sociology has been extensively used in accounting, economics, and international business provides insight on the relationship between headquarters and subsidiaries. The theory highlights the relationship between the headquarters and subsidiaries as being principals and agents. Theoretical exposition to the mechanisms used by the headquarters to influence actions of the subsidiaries using insight on information systems, outcome uncertainty, incentives and risk in organisation setup. The agency perspective manifests the relationship between the headquarters (principals) and subsidiaries (agents). However, the theory has critical gaps in terms conceptualisation of cross-border banking as driven basically by headquarters and subsidiary managers. The theory paints a picture that cross-border banks are primarily principals and agents seeking to achieve goals of the headquarters. The model provides insight on the critical aspect of political and socio-cultural environment in the process of competitiveness. The gap in the agency theory was the proposition that competitiveness in cross-border banking by the headquarters developing strategies for effective management subsidiaries is very weak. The cross-border framework developed in the study provides the dynamics flexibilities of the headquarters and subsidiary in the process of competitiveness while responding to the business environment.

Cultural convergence theory provides insight on the emergence of strategy in the subsidiary as a result of conformance of subsidiary culture to headquarters. The theory explains the emergence of global cross-border strategy through convergence of subsidiary organizational culture towards the headquarters cultural orientation. Multinational undertakes convergence of the subsidiary culture by modifying the value systems to resemble the headquarters as well as to the globally acceptable management principles for the branches through standardisation. A common belief guides convergence theorists that all organisations desire to be efficient regardless of background with emphasis strengthening; systems, organisation structure, and technology to enhance convergence of cultural orientation. Headquarters and subsidiaries seek to have similar operations at the headquarter offices and affilliates. However, the theory has fundamental weaknesses as it doesn't explain the fundamental aspects of cross-border frameworks and competitiveness. Global strategy emphasized by the theory is rigid doesn't address contemporary aspects of current dynamic critical aspects of cross-border banking. Contemporary cross-border banking doesn't operate in the static business environment therefore requiring flexibility. Theory doesn't explain the critical multi-domestic and transnational cross-border frameworks. The cross-border framework developed in the study provides mechanisms for to adequately respond to political and socio-cultural dynamics of the subsidiaries and headquarters. My study adequately provided the dynamics development of a strategy while responding to the subsidiary and headquarters dynamics.

Cultural divergence emerges as a result of the weakness of convergence theory therefore focusing more on subsidiary business environment. The theory provides insight on the emergence of strategy as a result of the subsidiary culture diverging away from the headquarters cultural orientation. The theory explains the emergence of multi-domestic strategy through convergence of subsidiary organizational culture towards the subsidiary cultural orientation. The theoretical proposition views strategy and competitiveness as a function of headquarter or subsidiary culture. Cross-border bank allows the subsidiaries cultural orientation towards cross-border subsidiary. Strategy and competitiveness is a function of the local cultures in the subsidiary. Divergence theory explains modification of the cross-border subsidiaries to resemble their localities through localization, differentiation. The strategy for competitiveness involves differentiation, loalisation and decentralisation. Differentiation in policy, structures, systems, management enhances competitiveness. Headquarters and different subsidiaries seek to have dissimilar operations. Despite attempting to address the weaknesses of the convergence theory but the theory falls short of the cross-border framework developed by the research study. Cultural divergence theory

develops strategy and competitiveness by responding to the dynamic and flexible cross-borders without capturing benefits of rigidities afforded by convergence theory. Contemporary cross-border banking doesn't operate in only differentiated and flexible business environment. Globalisation and competitiveness of the headquarter strategies require rigidity, centralization and homogeneity in systems. Theory doesn't explain the critical global and transnational cross-border frameworks. The cross-border framework developed in the study provides mechanisms for to adequately respond to critical aspects of flexibility and rigidity afforded transnational strategy. The gaps emerging from cultural divergence theory are addressed by the cross-border framework developed in the study.

Cultural crossvergence theory comes in to bridge the gap left by cultural convergence and divergence. Crossvergence theory theoretical propositions highlights that subsidiary cultural orientations is a function of interaction between the cultural elements; beliefs, philosophy, mindset, attitude and mind programming between the headquarters and subsidiary. The theory views cross-border framework and competitiveness as a function of organizational culture. The cross-border framework involves emergence of new value systems during interaction between the headquarters and subsidiaries. The theory argues that the interaction between headquarters and subsidiary cultures take place in four different dimensions assimilation, separation, integration, novelty, and maintenance. Assimilation of headquarter and subsidiaries leads to emergence of a multi-domestic cross-border strategy. '*Integration, transformation and novelty* mechanism interaction of headquarter and subsidiary socio-cultural characteristics to form transnational cross-border framework. *Maintenance' the interaction between the subsidiary and headquarters lead to cross-border bank keeping the level of* similarity or dissimilarity in any direction a possible direction therefore multi-domestic or global strategy. Crossvergence theory is critical in the determination of the level of standardisation and localisation by a multinational corporation. The theory lends its self towards explaining the emergence of cross-border frameworks as basically internal dynamics of headquarters and subsidiary socio-cultural interaction. However, cross-border framework frameworks are not a function of organizational culture alone but a multiplicity of variables both internally and externally. Cross-border framework developed rigorously provides insight on the holistic perspective of cross-border banking strategy and competitiveness. The framework provides insight on holistic aspect of strategy highlighting critical aspects of emergence of strategy in the internal and external business environment. Critical elements in the external and internal environment have been articulated.

Social network theory provides insight on the impact of social relations among subsidiary managers and headquarters are critical to the success of the strategy

and competitiveness. The social network highlights how the parent or headquarters actors undertake more control, therefore, emergence of global and international strategy. Social network theory by use of the concept of betweeness centrality defined as the number of short paths between alters going through a particular actor. Network theory intuitively measures the degree to which information or relationships have to flow through a specific actor and their relative importance as an intermediary in the network. The controls provided by the headquarters as to how much information goes through the center determines the emergence of a strategy and competitiveness in cross-border banking. The social network theory lends itself for explanation development of a cross-border framework and competitiveness. The strength of the social network provides mechanisms for collaboration by individual actors or subsets of actors in network. Social network theory emphasizes establishment of social networks within the multinational corporation. The theory argues that social relations among subsidiary managers and headquarters are critical to the success of the strategy and competitiveness. The argument assumes the essential success factors for the cross-border ventures as a creation of a social network within the organisation. However, social network theory primarily focuses on the social and political contexts in the development of strategy and competitiveness. The theory doesn't examine the internal and external elements in the process of emergence of strategy and competitiveness. Management of cross-border banks basically will appreciate the dynamics but critical aspects to manage are not articulated. The limitation of the social network theory has been extensively strengthened by the cross-border operations by Kenya commercial bank. The cross-border framework developed in the study articulates the variables from the external environment and impact on the different cross-border strategy for competitiveness.

Dependency theory highlights that power based on control of resources that are considered to be strategic to the organisation. The dependency theory mainly provides insight particular situation where the headquarters and subsidiaries have dominant power as a result of resources. The bargaining theory undertakes to explain related bargaining resources together with stakes of each participant in a bargaining situation, the process of drawing political, economic and commercial conclusions from the analysis. The focus is on the arrangement of assets, interests, and abilities of bargaining parties political, economic, and social goals of different firms in cross border trade. The theory views the subsidiaries and headquarters as entities in the constant bargain. Total dependence by the subsidiary on headquarters leads to emergence of a global cross-border framework. Multi-domestic strategy emerges in case of non dependence by the subsidiary on the headquarters. Transnational strategy emerges in the case of mutual dependence between headquarters and subsidiary. Inter-organisation

bargaining theory provides insight the shaping of an imperative between the headquarters and subsidiaries as a result of bargaining between the head office and sub-units. Whereas the resource dependency theory could be a useful examination of relations between competitors or negotiators, and which various empirical studies have attempted to undertake, but the arguments have not adequately dealt with this subject of cross-border dynamics for competitiveness.
The theory has limitations because of viewing competitive advantage as primarily an internal organisation strategic advantage apart from the opportunities available in the business environment. Furthermore, resource dependency theory assessment of strategy and competitiveness on resources is ill informed. Cross-border banking and competitiveness are shaped by headquarters and subsidiary business environments. Cross-border framework developed in the study fills the gap which was not highlighted by the resource dependency theory.

Critical analysis of cross-border theories demonstrates that patterns and characteristics of today's cross border trade are entirely different from activities in the last century and high expectation for new theoretical developments. Institutional, parent, dependency, inter-organisation bargaining, agency, cultural convergence, cultural divergence, cultural crossvergence, and social network theories attempt to provide insight on the cross-border dynamics by multinational companies. However, the arguments implored by theoretical propositions have variously emphasized either internal or external dynamics others general organisational dynamics. There is also an attempt to understudy the dynamics of the cross-border venture as independent from the diverse environments of the organisation.

The limitation between these theories is that they didn't illuminate how cross-border dynamics evolve in the different unique environments. It's was imperative therefore to undertake a systematic study critically interrogating the different conceptualisation which theories attempted to explain in isolation of each in the process of cross-border banking. An appropriate model was developed quantitatively and validated and updated qualitatively to explain the dynamics of cross-border banking for competitiveness in Kenya commercial bank in East Africa.

2.2 Empirical Literature Review

An empirical review in research refers to the situation where the writer reviews the information and theories currently available concerning the topic and the historical background of the problem (Fink, 2005; Galvan, 2005; Pan, 2004). The philosophical idea behind the empirical review is to arrive at two things. Firstly, this is to demonstrate a thorough understanding of the field/topic for conducting research (Galvan, 2005; Knopf, 2006). Secondly, it is to show that the problem has not be done before or has not been done before in the way proposed by the writer (Knopf, 2006; Buttolph and Reynolds, 2004; www.yahooanswers-18/02/2016).

The empirical literature review of contemporary literature on the cross-border strategies and competitive advantage has been extensively discussed. Multinationals usually employ multi-domestic, transnational, global and international strategies (Diaconu, 2011; Gooderham, 2012, Child, 2005; Shenkar & Luo, 2008). The empirical literature also reviews competitive advantage as a result of an application of the diverse strategies. The firm can attain competitive position as a result of efficiency, risk management, learning and innovation (Shenkar & Luo, 2008; Verbeke, 2013; Birkinshaw., Morrison., & Hulland., 1995; Birkinshaw & Mol, 2006; Birkinshaw., Crainer., & Mol, 2007; Birkinshaw., Hamel., & Mol, 2008; Lundan, 2014; Dunning & Lundan, 2008; Berry, 2006; Alcacer & Chung, 2007; Berry, 2014).

2.2.1 Cross-border Frameworks

The cross-border frameworks have been a subject of academic research since the early twentieth century, principally focusing on trade and inter-company relations (Gooderham, 2012; Birnik, 2007; Motohashi, 2015; Verbeke, 2013; Buckley and Ghauri, 2015). The core question of strategy in an international context is whether a firm should internationalize its activities along with a variety of dimensions (Lessard, 2003). Marketing products internationally are complicated due to challenges in forming strategic alliances, coordination and control of international marketing (Twarowska and Kakol, 2013).

Enoch, Mathieu, & Mecagni, (2015) argue that cross-border banking can enhance competitiveness using different mechanisms of centralization and decentralization. Business strategies used for cross-border trading along a continuum of increasing self-sufficiency; a highly centralised structure in setting up a plan, operational sharing of back-office solutions, IT infrastructure, accounting, information, and telecommunications infrastructure; treasury

functions; and brand name(D'Hulster & Ötker-Robe, 2014). The choice of an appropriate framework is critical for success in cross-border banking International Bank of West Africa, and Meridien had grand pan-African aspirations with large branches in Africa dramatically failed in the 1990s suffering significant loses and collapse in cross-border banking (Enoch *et al.,* 2015). The choice of an appropriate framework for cross-border business in Africa is critical for the success of a cross-border investment in Africa. At a conceptual level, there are many similarities between designing a strategy that can be used in one country only and creating a plan for some markets (Diaconu, 2012). Enoch *et al.,* (2015) despite the use of global and multi-domestic strategies but increasingly there is a varying degree of centralization and decentralization depending regulations and opportunities available.

Cross-border banking is basically about foreign banks that undertake business across borders (Child, 2005, Beck, 2007; Beck *et al.,* 2014). National governments need to regulate their theory to explain the responses of firms to government policies and the policy-making of governments themselves towards international companies (Gooderham, 2012). Harzing (2000) empirically verifies three different strategies used by organisations seeking to organize across borders as transnational, global and multi-domestic. Child (2005) argues that firms employ cross-border policy as a means of expanding globally and gaining competitive advantage through differentiation and integration. Diaconu (2012) advises businesses to strategically exploit the four available strategies (international, multi-domestic, transnational, and global) to use unique environments. Empirical studies have distinguished international from domestic business strategies and operations, but they have not resulted in a universal theory of cross-national business behaviour (Grosse and Behrman, 1992; Gooderham, 2012). The cross-border strategy emerges in the process of trading off as well as the advantages and disadvantages for the different organisational structures for cross-border banking groups as a result of diverse business lines with a single regulatory framework which is unambiguously preferable (Enoch *et al.,* 2015).

Literature in cross-border banking provides a broad spectrum of business frameworks for cross-border trading (Fiechter *et al.,* 2011; Nguyen, 2010). Lessard (2003) affirms that strategic thinking and action in an international context is about defining the geographic scope, competitive advantage, implications for the local activities, appropriate tradeoffs, and global integration of different activities. International strategies were initially determined by whether or not a firm entered the market by exporting, using independent distributors, networking, DFI, joint venture or wholly-owned (Verbeke, 2013). Buckley and Ghauri (2015) highlight factors for internationalization as market condition and

comparative advantage. The firms' strategies can involve those along global integration and local responsiveness (Birnik, 2007; Gooderham, 2012; Berry, 2014; Camillo, 2015). The core question of strategy is whether a firm should internationalize activities along various dimensions, i.e., if the firm sells products or services, where it sources its inputs, and where it sells the products or services (Lessard, 2003). Cross-border banks can enter host countries by merging with or acquiring the operation of an existing financial institution, or by establishing a presence from scratch (Beck *et al.,* 2014; Beck & Brown, 2015). Gormley (2010) showed that the strong presence of foreign banks in regions of India associated with less lending by domestic banks and an absolute decline in enterprise lending. The analysis suggested that the foreign banks' cherry-picking behaviour had a negative impact on financial outreach. Beck, Ioannidou and Schäfer (2012) by use of Bolivian credit registry data established that foreign and domestic banks used different lending techniques the local banks heavily relied on relationship-based lending as opposed to international banks that mainly relied on collateral and hard information for their lending decisions and pricing.

Lessard (2003) argues that international business strategy is the identification of a set of issues, selection and development of appropriate business frameworks, identification of potential courses of action, measuring key variables and selecting courses of action. Porter (2008) summarizes the competitive advantage as market similarity, similar advantage regulations, and scale of business. In his discussion, he asserts that comparative advantage offered by four dimensions: industry structure and rivalry, demand conditions, related and supporting industries, and factor conditions. In the international competitive environment, the ability to develop a cross-border strategy with the organisational capability to adapt to the changes in the dynamic environment is vital (Twarowska and Kakol, 2013). The processes of globalisation and integration have a significant influence on the development of international trade (Bernatonyte and Normantiene, 2009).

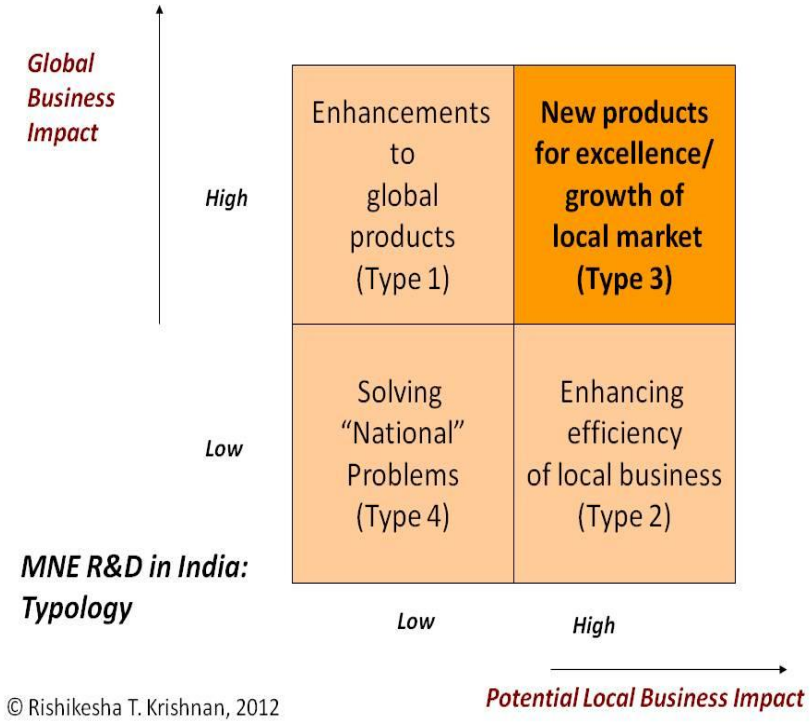

Figure 2-10: A Framework of cross-border strategies

Source: Riskesha T. krishan (2012)

The framework above in ***figure 2-10*** illustrates a frame by multinationals for cross-border ventures. The model highlights the levels of integration between the headquarters and subsidiaries. The global strategy involves enhancement of organisation products towards global competitiveness, multi-domestic requires improvement of business strategies towards local responsiveness as transnational strategy is a highbred between globalisation and localization (Riskesha 2012).

2.2.1.1 Global strategy

Most cross-border banks in Africa employ global strategy by standardising the services and therefore offering large corporate services across borders (Child, 2005; Beck *et al.,* 2014). The global strategy involves careful crafting of a single strategy for the entire network of subsidiaries and partners, encompassing many countries simultaneously and leveraging synergies across many countries or organisational costs are high (Diaconu, 2012). The global strategy, therefore, requires a firm to tightly coordinate its product and pricing strategies across international markets and locations and are typically highly centralised (Birnik, 2007; Buckley & Ghauri, 2015). Banks expanding across borders in Africa are almost universally required to establish not only self-standing subsidiaries but also local IT functions; to use predominantly domestic labor; and to develop independent, local management functions (Beck *et al.,* 2014). Govindarajan Gupta (2008), while evaluating the global strategy, assert that the forces perceived to bring about the globalisation of competition require the coordination of MNC's approach on a worldwide scale.

More integrated banking frameworks provide the opportunity for significant cost savings in a traditionally high-cost industry and could make it cost-efficient and therefore attractive to offer financial services to a broader set of clients. Policies fostering more integrated banking frameworks could reduce the complexity and length of the licensing process; initial capital requirements for bank subsidiaries with provisions designed to grow in line with the foreign bank's business engagement and risk exposures. The multinational bank does away new branches, encourage full mobility in the use of labor use of centralised, common IT platforms for both internal operations and provision of client services; and allowing the establishment of centralised audit and risk management system(Beck *et al.,* 2014; Beck & Brown, 2015).

These banks can take advantage of scales of economy and experience because they can mass-produce a standard product which can be exported providing that the demand is higher than the costs involved (Porter, 2008). The global strategy views competitive advantage as being based on capturing global scale economies through the integration of the activities of the business and focusing on customer demands that are standard across markets (Birnik, 2007). Authorities could also consider a move towards more integrated banking frameworks based on a sound framework for consolidated supervision, clearly established and function channels of information exchange between home and host country supervisors, and useful cross-border resolution frameworks (Beck, Todorov, & Wagner, 2013; Beck *et al.,* 2014). A more integrated banking framework which relies on branches or subsidiaries that the parent bank implies

that funding, asset allocation, and risk management are centralised to maximize returns at the consolidated level (Fiechter *et al.,* 2011). Cross-border banks have deployed diverse strategies with different degrees of engagement the use of global strategy has been encouraged by banks that bring in useful innovation therefore unique superior products, thus, capturing of the market (Beck *et al.,* 2013; Beck *et al.,* 2014).

Global strategy with standardized and centralised strategy has been driven by the ambition to service large home corporate clients in the process of development of their business abroad (Beck *et al.,* 2014). This strategy employed by cross-border banks is "defensive" policy can take the form of ensuring the capacity to provide trade finance, but as corporate clients deepen their engagement abroad, home-country banks seek to retain their clients by being in a position to support their working capital and investment needs elsewhere. Utilisation of centralised and highly integrated strategies is encouraged by provision of successful products at home like Equity bank on successfully rolling out a plan focused on the retail market in Kenya via an agent and mobile banking sought to replicate the achievements in Kenyan market in other EAC markets. Equity bank entered the Ugandan market by acquiring Uganda Microfinance Limited, a Ugandan Tier III microfinance company to serve the lower end of the market and the unbanked, with the intention to move up-market (Beck, Faye, & Triki, 2011).

Despite the existence of different frameworks but the most common global strategy with the centralised structures business framework is the most common as the centralised structures are more common as opposed to similar contexts (Basel Committee on Banking Supervision, 2012). Globalisation cross-border banking strategy comes with a lot of challenges as authorities have to heavily rely on cooperation with the home supervisor for ongoing prudential supervision (D'Hulster & Ötker-Robe, 2014). Banks seek to gain competitive advantage through strategic cross-border banking expanding to foreign markets to serve their home clients that have internationalized (Dahl and Shrieves, 1999; Konopielko, 1999), or by a high degree. Cross-border banks pursuing centralised business frameworks usually dampen contagion risk to the rest of the host's financial system when the source of stress is the host country or is an external factor by providing resources locally (D'Hulster & Ötker-Robe, 2014); are usually a big challenge for both host and home country supervisors. Most banks serve their corporate customers primarily, and their expansion by following their clients abroad. However, there are also examples of smaller African-based cross-border banks such as Equity Bank and Kenya Commercial Bank, two Kenyan banks, which have successfully pursued innovative business frameworks based on agency banking in their home market, which they are looking to export into

neighboring countries (Beck *et al.,* 2014). Globalisation has been one of the significant drivers towards cross-border banking in a bid to respond to global dynamics and capturing of global appeal African banks established branches across the borders (Claessens & Van Horen, 2014; Beck & Brown, 2015). The ambition to become a leading Pan-African bank has influenced the strategic plans of some African banks and fuelled their expansion on the continent (Claessens & HovRen, 2014; Beck *et al.,* 2014).

The complexity in organisational structure for the centralised banking groups constitute a significant concern for both the host and the home supervisor (D'Hulster & Ötker-Robe, 2014); a global banking group can consist of thousands of legal entities and branches with complex financial flows and guarantees between them. Buckley and Ghauri (2004) note that increasing market liberalization and advances in information and communication technologies are causing multi-domestic or federation MNEs to seek global integration of operational and functional activities. Yamin and Sinkovics (2007) argue that globalisation and environmental drivers are forcing multinational organisations to adopt universal strategies. Common practices such the issuance of group-wide guarantees and cross-guarantees, the raising of equity through entities in "cheaper" jurisdictions, and the forward direction of these funds to the jurisdictions where they generate a higher return, further blur legal separation from the parent bank (D'Hulster & Ötker-Robe, 2014).

The global strategy is characterized by the substantial integration of operations underpinned by global decision-making (Gooderham, 2012) and rotates around product divisions. Roth (1992) states that the comprehensive strategy for achieving the centralization of a value-adding process. Regulating global business framework with highly centralised structures host supervisors are more likely to take a more territorial stance by imposing some restriction on centralised frameworks or requiring additional local liquidity and capital buffers, particularly if the entity in their jurisdiction is allowed to take retail deposits (D'Hulster & Ötker-Robe, 2014).

Prahalad and Doz (1987) provide a list of environmental pressures for globalisation strategy which calls for integration, especially internet and globalisation drivers. Gooderham (2012) notes the main difference between global and multi-domestic strategies is the degree of standardization, the combination of activities, and the degree of localization/centralization of a value-adding process.

A global strategy involves a carefully crafted single strategy for the entire network of subsidiaries and partners, encompassing many countries simultaneously and

leveraging synergies across many countries (Twarowska and Kakol, 2013). It takes into consideration its strengths and weaknesses in the face of the opportunities and threats in the environment. In contrast, the global strategy assumes the Centre should standardize its operations and products in all the different countries unless there is a compelling reason for not doing so (Zou and Cavusgil, 2002). Centralised institutions also use funding surpluses in one entity to fill funding deficits in another (D'Hulster & Ötker-Robe, 2014).

The global strategy is highly appreciated, which renders the traditional way of doing business irrelevant and makes it vital for managers to have a general mindset (Twarowska and Kakol, 2013). The strategy does not typically pay significant attention to local tastes and preferences as it concentrates on providing products as per the home interests (Twarowska and Kakol, 2013). Only necessary changes are allowed to keep costs under control because the primary focus is replication of home strategies (Kling and Gofeman, 2003).

2.2.1.2 Multi-domestic strategy

The multi-domestic strategy involves careful crafting of different unique strategies for the various subsidiaries to address individual aspects of subsidiary countries (Diaconu, 2011). Multi-domestic strategy takes on very different characteristics depending on production scale economies and transportation costs (Lessard, 2003). Birnik (2007) the multi-domestic strategy uses structures that resemble federative structures, unlike the global strategy which uses unitary structures. The multi-domestic framework uses a highly decentralised framework as the affiliates operate as independent entities from the parent, but they lend and trade using the capital base of the parent and act under the jurisdiction of the home country (D'Hulster & Ötker-Robe, 2014). The multi-domestic strategy characterized by a high degree of autonomy for the subsidiary and decentralised decision-making (Birnik, 2007). The affiliates in the multi-domestic strategy are self-sufficient, implying there are more stand-alone value chains in the different countries (Child, 2005). Gooderham (2012) observes that global approach characterized by a stable integration of operation underpinned by global decision-making. Multi-domestic strategy typically entails the presence of geographic divisions and portfolios of relatively independent national units (Verbeke & Kenworth, 2008).

The cross-border strategies employed by the banks can take multi-domestic (typically stand-alone subsidiary structure) are independent entities, operating nationally with effective firewalls between other parts of the group (D'Hulster & Ötker-Robe, 2014). Most African based cross-border banks tend to use

standalone subsidiaries with limited integration across affiliate networks with parent Banks, with a focus on servicing larger corporate clients in growth sectors (Claessens & Van Horen, 2014). The subsidiaries work with other branches operating independently from their headquarters, and some affiliates are very carefully directed and managed by the parent bank (D'Hulster & Ötker-Robe, 2014). Indeed, cross-border banks organized along business lines leading to operational structures that are very different from legal structures (Fiechter, 2011). No support from the parent company or other group members is assumed, and each entity has sufficient capital and liquidity to survive on its own. These banks rely heavily on local deposits for their funding, and their retail-based business frameworks anchored in the host country (D'Hulster& Ötker-Robe, 2014). The strategies of cross-border banks across different jurisdictions have been dictated by intentions of exploiting business opportunities in these authorities especially growth sectors such as natural resource extraction (Beck et al., 2014). Cross-border banks pursuing decentralised multi-domestic business framework responding to the different territories are preferred by both host and home country supervisors (D'Hulster & Ötker-Robe, 2014). The multi-domestic strategy adopted by the banks as the banks are seeking to exploit unique opportunities the growth sectors of the different economies (Beck et al., 2014). The multi-domestic strategy is suitable for African countries with shallow financial markets with the simultaneous presence of four adverse characteristics of African economies and societies (Honohan and Beck, 2007; Beck and Cull, 2013).

The multi-domestic strategy involves careful crafting of a single strategy with differentiation advantage with the view to keeping the organisational costs low (Child, 2005). The strategy means that internationally scattered subsidiaries that operate by the domestic parent company (Twarowska and Kakol, 2013). Foreign market entry strategies differ in degree of risk they present, the control and commitment of resources they require, and the return on investment they promise (Child, 2005). The strategy uses the internal strength of research and development (Merdzanovska, 2015); therefore, dominant ideology is taking advantage of superior home attributes. Favourable conditions for business development in the international market, appearing as a result of these processes, create conditions for economies of scale, which would be impossible due to the limited size of the internal market (Sabonienė, 2009). The cross-border strategy, in this case, treats competition in each country on a ‘stand-alone basis,' while a global strategy takes ‘an integrated approach' across different nations (Yip, 2002).

Birnik (2007) argues that the multi-domestic strategy is about decentralization of the value-adding process to respond to local taste to facilitate competitiveness. This concept explained by Roth and Ricks (1994) who argue that corporate

headquarters of MNEs that pursued a multi-domestic strategy, over time, have institutionalized a semi-autonomous mode of governance characterized by substantial local strategic and operation discretion at the subsidiary level. Twarowska and Kakol (2013) argue that a multi-domestic strategy leads to a wide variety of business strategies, and a high level of adaptation to the local business environment. The strategy employs a different approach for each market. The strategy emphasizes competition within each country through segmentation of markets by national boundaries (Luo and Shenkar, 2006). International business and strategy, including organisation, efficiency, external relationships and the challenges found in an increasingly multicultural world require great local adaptation (Buckley and Ghauri, 2015). They argue that use of the regional mechanisms for communication like language improves managerial efficiency. Multi-nationality is more likely to reduce downside risk if a firm's organisation facilitates the coordination of cross-border activities, enabling the exploitation of the shifting opportunities (Belderbos, Tong, and Wu, 2014). The strategy does not encourage misalignments between environmental elements so an independent firm's strategy may create barriers to operations, thus hindering effectiveness (Cui, Griffith and Cavusgil, 2005). Multinational operations confer companies a portfolio of switching options that offer potential operating flexibility in the context of input cost variability, helping organisations reduce downside risk (Belderbos, Tong, and Wu, 2014). The strategy offers local responsiveness, as the units are relatively independent and operate with limited involvement by the parent company at the headquarters (Birnik, 2007).

The multi-domestic strategy, therefore, calls for the use of less intranet communication, coordination and integration because there is not much sharing of information between the sub-units. Each sub-unit needs to pursue unique strategies for organizing across boundaries and is thus likely to use multiple functional languages (Luo and Shenkar, 2006). The primary goal of the cross-border entities is differentiation advantage, lower costs, highly customized products and approaches for each market. Multi-domestic entity maximizes the benefits of differentiation in products, services, and production (Child, 2005). This strategy pursued when pressures for localization outweigh those of global integration strategy. A multi-domestic firm is an enterprise with multiple international subsidiaries that are relatively independent of its headquarters (Shenkar and Luo, 2008: 97). The multi-domestic strategy can be effectively employed to exploit the different market orientations. The strategy emphasizes cultural pluralism and is organisationally the least demanding and least costly (Child, 2005). The strategy framework theorises that the environment shapes the context of business and that managers of firms react to environmental conditions and implement strategies that determine the firm's performance (Luo and Park, 2001). The multi-domestic strategy oriented towards FDI in research and

development (Merdzanovska, 2015) aiming at neutralizing the weakness of the domestic country (Castelani and Zanfei, 2006). Indeed, the more one moves to a more centralised business framework, the less likely it is that a foreign entity can survive once funding, operational, and managerial connections cut as a result of a problem in the global or home financial system. When the source of stress is at the core of the banking group centralised frameworks increase contagion risk, and standalone business frameworks help reduce contagion risk (D'Hulster & Ötker-Robe, 2014).

2.2.1.3 Transnational strategy

The Transnational strategy involves careful crafting of a single strategy with differentiation and low-cost advantage; the value chain activities are coordinated simultaneously on both a global and country basis (Diaconu, 2011). It is important to note that, the international competitive environment, the ability to develop a transnational organisational capability is the key factor that can help a firm adapt to the changes in a dynamic environment (Twarowska and Kakol, 2013). A transnational strategy, a hybrid situated between the multi-domestic and global approach, seeks to achieve universal efficiency and local responsiveness (Luo and Shenkar, 2006). Firms maintain greater intra-unit, integration to jointly exploit existing knowledge or explore new knowledge (Zander, 2004). Transnationality influences the global learning process and knowledge sharing within an integrated structure (Luo and Shenkar, 2006). Firms depend more on information and communication systems for coordination (Ghoshal and Nohria, 2008). The organisational structure and global market diversity confer more excellent coverage of intra-unit transfer of information and resources (Child, 2005; Birnik, 2007; Berry, 2015). Transnationality affects language selection and preference by foreign units, indicating a firm's interdependence with international markets and resources (Verbeke and Kano, 2015; Moran, Harris and Moran, 2011; Neeley and Kaplan, 2014). Firms using a hybrid strategy must transfer distinctive competencies within the network while heeding pressures for local responsiveness (Camillo, 2015; Gooderham, 2012). Transnational businesses consist of subsidiaries that fulfill varying roles with some affiliates playing strategic roles that global firms reserve for their headquarters (Birnik, 2007; Buckley and Ghauri, 2015; Verbeke, 2013). Foreign sub-units adapt to different organisational forms and identities to meet local government requirements and achieve various strategies and objectives (Luo and Shenkar, 2008). The standard practice is for the firm to use a shared language as the parents' primary functional language except where businesses have strictly ethnocentric staffing policies (Luo and Shenkar, 2006).

Transnational strategy emphasis is on subsidiaries fulfilling diverse roles, and the headquarters undertakes the strategic task of coordination (Birnik, 2007; Buckley and Ghauri, 2015; Verbeke, 2013), transfer distinctive competencies within the network while heeding pressures for local responsiveness (Child, 2005). There is a need to minimize conflicts between globalisation and localization. The firm also seeks to expand foreign sub-units while headquarters maintain less control over local units. The strategy fits well in a situation where sub-units must be sufficiently differentiated to confront diverse cultures and unique markets with different tastes and preferences (Luo and Shenkar, 2006).

2.2.2 Cross-border Business Environment

2.2.2.1 Political environment

Shenkar and Luo (2008) argue that cross-border operations encounter the political process through compliance, evasion, negotiation, cooperation, coalition-building, and co-optation. Subsidiaries, international regulatory regimes, national regulatory, quasi-national government institutions' policies and regulations influence MNEs' global strategy (Windsor, 2007). Cross-border regulatory environments alter the institutional contexts in which MNEs operate (Gardberg and Fombrun, 2006). The different regulatory environments influence the strategy employed and operations of the subsidiaries and headquarters. Cross-border banking literature provides insight on the need for separate business strategies for different regulatory environments and competitiveness (Sinha, 2005). Different literature mainly points out three significant reasons for regulation by the host and home country.

Host and home country regulatory environment diversely influence the cross-border strategy and competitiveness of cross-border bank. MNEs' jurisdiction and organisational structures are paramount in the development and implementation of the cross-border business strategy (Windsor, 2007). Getz (2006) highlights that political environment provides formal arrangements that determine the strategy. MNEs fragmented along global, regional, national, and sub-national regulatory dimensions (Windsor, 2007). Bonardi, Hillman, and Keim (2005) argue that each regulatory arena becomes a political market where demand and supply depend on the prevailing regulatory in the jurisdiction. Svaleryd, Hakkala, and Norback (2005) argue that domestic firms are more effective than international firms because of their knowledge of and alignment to domestic policies. Managers responsible for the development of an international strategy have to face many different types of political, legal, accounting, cultural, language, and payment systems (Diaconu, 2012). According to Gooderham (2008) MNEs are

confronted by political environments in both domestic and foreign countries. Lundan (2014) argues that diverse forms of governance structures make operations of MNEs across borders a bigger challenge than domestic operations. Gooderham (2012) opines that undertaking cross-border trade without incorporating firms' responses to national policies and actions fails because government interventions are central to cross-border trade. Governance structures together with policies of the home and subsidiary countries influence the strategies employed by MNCs (Lundan, 2014). Cross-border involves following a regulatory discipline that encompasses a firm's business environment together with government policies (Camillo, 2015). The political climate provides a critical context for MNEs at home and abroad (Shenkar and Luo, 2008: 184). Governments are responsible for trade and investment policies, capital, and exchange controls and transfer pricing regulations (Diaconu, 2012). Home and host countries regulatory environments significantly contribute to higher certainty about predictability and consistency in implementation, a significant reduction in compliance costs across the region, and raising standards in more challenging situations and the emergence of international and global strategy. Frameworks in the home and host country influence the strategy and competitiveness of cross-border banking (Beck *et al.,* 2014).

Host regulatory environment influences the strategy and competitiveness of a cross-border bank. Regulatory environment impacts on macroeconomic conditions which affect bank competitiveness Sanya and Gaertner (2012). In comparison to the home country regulators, host countries have different responsibilities while regulating banking operations the authorities have a traditional task of safeguarding their financial institutions and banking systems, taking into consideration the risks associated with the growth of cross-border activity in recent years (Beck *et al.,* 2014). Country legislation streamlines financial systems, reduces information asymmetry and averts bank failures (Kodongo, 2016). Reform such as liberalization and regulatory changes may make the banking industry operating environment more challenging (Brownbridge and Harvey, 1998) but significantly shaped banking competitiveness at home in host countries as the prudent measures threatened the survival of some banks in the short run (Kodongo, 2016). Host countries regulatory framework drives the cross-border banking strategy (Goldberg and Saunders, 1980; Buch, 2003; Herrero and Pería, 2007). The regulatory framework affects cost of information, domestic deposits, per capita income, size of the bank, efficient lending rate differentials, size of host banking market (de Paula and Alves Jr., 2007; Goldberg and Johnson, 1990; Cho, 1986; Fisher and Molyneux, 1996). Expected growth and degree of openness and diversification potential of host market, and efficiency of the subject bank (Focarelli and Pozzolo, 1999), affected by regulations. Windsor (2006) argued that government

incentives, special subsidies, and political acts alter the transaction costs of a firm and influence strategic decisions and competitiveness. The strategies of cross-border banks across different jurisdictions dictated by intentions of exploiting business opportunities in these domains especially growth sectors such as natural resource extraction (Beck *et al.,* 2014).

Host country regulatory authorities usually strive to put in place mechanisms for the promotion of market deepening, greater healthy competition and encourage the entry of foreign banks with experience in servicing underserved segments of the market that have demonstrated success on tested business frameworks (Beck & Martinez Parea, 2010; Beck *et al.,* 2014). The policies adopted by the host country can either inhibit or inspire competitiveness of the cross-bank. The procedures established at the host influence the selection of the strategy to enable the bank make more returns. Levine (1998) argues that foreign banks are more secure to expand into international markets with easier enforcement contracts. Political environment underscores the importance of regulatory quality and significance of the rule of law as determinants for competitiveness and strategies employed by cross-border banking (Kodongo, 2016). He highlights the parameters that facilitate measurement of perceptions about the rule of law include; sound macroeconomic policies for the promotion of private sector, quality of contract enforcement, the effectiveness of the judiciary and police, property rights, and crime regulatory mechanisms. Macroeconomic management by host country is critical in the determination of the competitive strategy and competitiveness. Poor macroeconomic management leading inflation in the host countries has a negative impact on the policy and attractiveness of the foreign bank (Haselmann, 2006; Kodongo, 2016). Host country inflation hurts loans; active monetary and fiscal policy management in host country determines the strategy and competitiveness. Papaionnou (2009) established that institutional improvements are critical for enhancement of cross-border banking. He used BIS-data for the period 1985-2002 for 140 countries highlighted that regulatory and socio-cultural factors mainly influenced cross-border investment. Stricter regulatory requirements for foreign banks increase operational costs (Bremus, 2014) therefore making international lending less efficient (Okawa and van Wincoop 2012, Brüggemann., Kleinert., & Prieto, 2012). Differences in regulation lead to banks to concentrate in less restrictive jurisdictions (Houston *et al.,* 2012); significantly varying the strategies employed in the different countries. Extensive policy support eases financial market stress during the last quarters (Bernanke 2013, BIS 2013b). Houston., Lin & Ma*.,* (2012) upon analysis of BIS and Barth., Landsman., Lang., (2008) regulatory information concluded that cross-border banks shift credit facilities to jurisdictions which with lenient regulatory environment. Fratzscher, Lo Duca, and Straub (2012) analysed United States of America monetary policies after global crisis on cross-border capital outflow

established that cross-border banks transferred the capital to emerging markets. The regulatory frameworks that affect cross-border banks emanate from both national level and international level as a result of collaboration among supervisory authorities (Beck *et al.,* 2011; Beck., Cull., Fuchs., Getenga., Gatere., Trandafir, 2014).

However, a section of cross-border banking literature argues that home country regulatory framework influence cross-border strategy and competitiveness. Focarelli and Pozzolo (2005) say that depth of the home country banking system expands business opportunities which enable banks to offer more innovative products to exploit profit opportunities locally rather than expand abroad fully. The political and socio-cultural environments of bank influence the competitive environment of the Bank. Schoenmaker and van Laecke (2007) argue that deeper banking systems provide banks with a steady income at home that enables them to finance cross-border operations and competitiveness. The regulators of the home country always work towards the establishment of home conditions which enhance banking growth at home and in foreign countries. The most prominently used proxies for measuring the depth of financial markets are equity market capitalization and credit to the private sector as a proportion of GDP (Buch, 2003; Schoenmaker and van Laecke, 2007). Poor macroeconomic management leading deflationary tendencies in the home countries hurts the plan and attractiveness of the foreign bank (Haselmann, 2006; Kodongo, 2016). Home country deflation has a negative impact on loans in international markets; active monetary and fiscal policy management in host country determines the strategy and competitiveness. Globalisation notwithstanding, MNEs remain firmly grounded in their home environment (Lundan, 2014), host regulators continues to charter and steer the MNEs and shape their operating environment and is the only entity to conduct international affairs, international trade, and investment policies (Shenkar and Luo, 2008: 189). Domestic firms utilize political pressure to keep foreign competitors off their home turf (Shenkar and Luo, 2008: 185). Affinity or animosity between nations reflects how closely aligned, or estranged from history and political reality, which is an essential determinant of international business relations (Tallman, 1988).

The regulatory environments in different territories provide unique situation for the development of a strategy and competitiveness. Inflationary tendencies in the host countries have negative impact on the strategy and attractiveness of the foreign bank on the host country as inflation has a negative effect on the increased demand for loans (Haselmann, 2006; Kodongo, 2016). Levine (1998) argues that foreign banks are more secure to expand into international markets with easier enforcement contracts. Inflation underscores the importance of regulatory quality and significance of the rule of law as determinants for

competitiveness and strategies employed by cross-border banking (Kodongo, 2016). Kodongo (2016) highlights the parameters that facilitate measurement of perceptions about the rule of law include; sound macroeconomic policies for the promotion of private sector, quality of contract enforcement, the effectiveness of the judiciary and police, property rights, and crime regulatory mechanisms. Focarelli and Pozzolo (2005) argue that depth of the home country banking system expands business opportunities which enable banks to offer more innovative products to exploit profit opportunities locally rather than expand abroad fully. The political and socio-cultural environment of bank influences the competitive environment of the Bank. Schoenmaker and van Laecke (2007) argue that deeper banking systems provide banks with a steady income at home that enables them to finance cross-border operations and competitiveness. Two of the most prominently used proxies for the depth of financial markets are equity market capitalization and credit to the private sector as a proportion of GDP (Buch, 2003; Schoenmaker and van Laecke, 2007).

IMF (2009) ascribes the lack of proper integration in the East African region to policy divergences as well as institutional and structural weaknesses. East African Community members Uganda, Tanzania, Rwanda, Burundi and South Sudan have different regulatory frameworks shaping the various strategies and competitiveness by cross-border operating these jurisdictions. An assessment of East African Community members' regulatory frameworks where Kenya Commercial Bank operates provides insight into the dynamics of cross-border banking. Regulatory environments in Kenya, Uganda, Tanzania, Rwanda, Burundi and South Sudan shape strategies and competitiveness for Kenya Commercial Bank. Uganda's regulatory environment shaped by the Financial Institutions Act (2004) which introduced regulatory measures in 2005 covering liquidity, insider lending, credit reference, corporate governance and ownership, and control. Statutory supplement No. 31 of November (2010) further imposed a minimum capital requirement for all financial institutions operating in Uganda with a minimum capital of 9.4 million United States Dollars. The statutory supplement provides a mechanism for Bank of Uganda a mandate to discipline and supervise foreign banks operating in Uganda (Bategeka & Okumu, 2010). Bank of Uganda conducts monitoring and supervision of local and foreign banks by use of risk-based methodology with emphasis on prompt corrective action (Kodongo, 2016). Tanzania's regulatory environment shaped by the Banking and Financial Institutions Act of 1991 subsequently revised in 2006 to ensure compliance with Basel II (Bank of Tanzania, 2008). The government reviews the existing regulations and issued additional rules covering; licensing, liquidity management, currency exposure limits, credit concentration, capital adequacy, risky assets and establishment of guidelines for prompt corrective action (Kodongo, 2016). The Republic of Tanzania imposed a minimum capital requirement for financial

institutions in her jurisdiction in 2010 to 9.2 USD (Bank of Tanzania, 2010). Kodongo (2016), argues that it facilitated a radical shift in the paradigm in relation towards the management of the private sector portfolio (Kodongo, 2016). The policy propositions of different countries have implications on cross-border banking and the study assess the impact of the current regulatory environment on cross-border investment. The legislation streamlines financial systems, reduces information asymmetry and averts bank failures (Kodongo, 2016). Reform such as liberalization and regulatory changes may make the banking industry operating environment more challenging (Brownbridge and Harvey, 1998) but significantly shaped banking competitiveness at home in host countries as the prudent measures threatened the survival of some banks in the short run (Kodongo, 2016).

Scholars advocate for collaborative for the regulation to enhance competitiveness. Beck *et al.,* (2014) argue that authorities have to develop appropriate platforms and formats for regular information interchange with data providing. He further highlights that its essential quantitative and qualitative characteristics of cross-border banks ii) supervisory data about performance iii) regulatory frameworks with definitions underlying supervisory data and market intelligence. Regulatory harmonization is a vast undertaking, and care needs to be taken to focus convergence efforts on key concerns, especially in environments with severe capacity constraints (beck & Wagner, 2013; Beck *et al.,* 2014). They advocate for the upgrading of mechanisms by using consolidated supervision of a bank's activities through all its affiliates, across sectors and jurisdictions; Memoranda of Understanding (MoU) between home and host supervisors; and Colleges of Supervisors (CoS) for individual cross-border financial institutions, are the basis for active cross-border regulatory cooperation. The authors argue that African Countries have made progress in upgrading their regulatory frameworks, including elements applied to cross-border banking, but significant gaps remain. Cross-border regulatory cooperation between host and home countries must go beyond information exchange in usual but strategic preparation for addressing repercussions of personal and systemic bank failures (Beck, 2007; Beck *et al.,* 2014).

Political environment in the headquarters and subsidiaries variously impact on the strategy employed by the cross-border bank. The mechanisms employed by the subsidiary and headquarters in responding to political dynamics and subsidiaries define the framework. However, the success is not clear as most of literature hasn’t articulated appropriate strategy for competitiveness.

2.2.2.2 Socio-cultural environment

The economic environment in the host countries drives the cross-border banking strategy; exchange rates, level of trade for the home country (Goldberg and Saunders, 1980; Buch, 2003; Herrero and Pería, 2007; de Paula and Alves Jr., 2007; Goldberg and Johnson, 1990). Economic climate impact on the size of the bank, efficient lending rate differentials, size of host banking market (Cho, 1986), size of the home country, level of home country FDI (Fisher and Molyneux, 1996), expected growth and degree of openness and diversification potential of host market, and efficiency of the subject bank (Focarelli and Pozzolo, 1999). Claessens and Van Horen (2008) established that cultural orientations of the institutions impact cross-border competitiveness as banks previously worked in strong institutional set-up were more competitive in low institutional set-up locations. Hryckiewicz and Kowalewski (2010) found out that cultural, legal and economic factors and geographical proximity crucial for cross-border competitiveness in that expected economic expansion, legal, cultural and geographic proximity to the host country play a key role in attracting foreign banks to emerging markets. Kodongo (2016) argues that more efficient banks would take advantage of their better efficiency by expanding business beyond their current market. This mainly influenced by cost-to-income ratio as a traditional indicator of efficiency indicator by the cross-border banks. Inflationary tendencies in the host countries have a negative impact on the strategy and attractiveness of the foreign bank on the host country as inflation hurts the increased demand for loans (Haselmann, 2006; Kodongo, 2016). The impact of social and cultural dimensions is critical in the establishment of strategy and competitiveness. Collective knowledge is such that individuals can only be proficient once they are socialized into the organisation and have acquired much of the mass expertise that underpins the way things are done (Neeley & Kaplan, 2014). Managers should never commit the error of treating culture as a residual variable (Shenkar and Luo, 2008: 157). Cultural diversity is vital for building synergy, increase in productivity due to various talents, enhancement of creativity and innovation, and spread of the customer base and creation of new markets (Adrade, 2010); but Huang and Trauth (2007) note some challenges.

The socio-cultural environment determines the way people support and implement organisational strategies. Shenkar and Luo (2008: 168) argue "national, industrial, corporate, ethnic, ideological and individual cultural orientations shape the strategies in international business." Culture is a collective programming of the human mind (Hofstede, 2001) and significantly influences the strategies employed by organisations. Shenkar and Luo (2008: 180) note that culture is an essential force in international business; individuals and firms use their own organisational culture as an anchor. Cultural aspects are significant in

the determination of cross-border trade (Moran, Harris and Moran, 2011). The international nature of modern business means that individual and organisational success is no longer dependent solely on business acumen, but also on our ability to understand, communicate and work with people in different countries and cultures (Moran, Harris and Moran, 2011). Shenkar and Luo (2008) explain that culture (as entailed in language, behaviour, attitude, philosophy, and mindset) influences tastes and preferences. Culture correlates with variables like language and religion which vary across nationality. Language is one of the defining expressions of culture; instilling socialization and determining values and norms (Shenkar and Luo, 2008: 161). Companies rely on their global reach to achieve the best profit and performance (Moran, Harris and Moran, 2011). An organisation's poor performance may be as a result of failure by leadership to fit into a multicultural environment (Neeley and Kaplan, 2014). They argue that understanding of the cultural background, orientation, customers, products, and services together with regional contexts are critical to the success of the organisational strategy. Managers trained and held accountable for ensuring that language and cultural skills developed throughout their organisations. Progress should not be solely the responsibility of the human resources department and individual managers.

The main argument is that cultural factors contain essential values and norms that reflect in their adherents' way of life. Cultural factors, not only how employees behave and interact, but also the strategy that firms and business units' employ. The strategy adopted can be influenced by cultural orientation because language and religion often create communication and coordination challenges within MNEs, but diversity is also a source of strength because it brings about different and new opinions and ideas from which the firm can benefit (Shenkar and Luo, 2008: 162).

Corporate culture is adopted, developed and disseminated by a company (Meyer, 2015). It is of vital importance for MNEs to take a global strategy and use a corporate culture as an integrator of its various units (Bornadi and Franklin, 2010).

Socio-cultural environment in the headquarters and subsidiaries variously impact on the strategy employed by the cross-border bank. The mechanisms employed by the subsidiary and headquarters in responding to political dynamics and subsidiaries define the framework. However, the success is not clear as most of literature hasn't articulated appropriate strategy for competitiveness.

2.2.3.0 Competitiveness

Academic literature highlights the impact of cross-border banking on competitiveness; efficiency, risk management, learning, innovation, financial deepening and stability (Beck *et al.,* 2014); depending on the host and home countries economic infrastructure, policies, culture, regulatory policies, and market structure.

Cross-border banking has accelerated this decade dramatically becoming an important feature and phenomenon of African financial systems (Beck, Maimbo, Faye, & Triki, 2011; Beck, 2011; Beck *et al.,* 2014), African banks have all of suddenly have increased their geographic footprints on the continent. African cross-border banks have become significant beyond home countries contributing to the growth of their economies and host countries. The multi-national banking phenomenon has significantly increased in the past two decades the number of subsidiaries in Africa almost doubled from 120 to 227 (Beck *et al.,* 2014), resulting in an increase from 39 percent in 1995 to 55 percent in 2009 (Claessens and van Horen, 2014). Cross-country, regional, and country-level studies have used aggregate, firm, household and bank-level data to gauge the effect of foreign bank entry on different outcomes, including efficiency, competition, stability and financial inclusion (Beck *et al.,* 2014; Beck & Brown, 2015). Cross-country comparisons have shown that foreign bank entry is positively associated with energy and competitiveness in host countries, as gauged by net interest margins, profitability and cost efficiency (Claessens, Demirgüç-Kunt, and Huizinga, 2000, 2001). Different studies have confirmed the hypotheses that the drive towards cross-border banking with a higher degree of competition in host countries (Claessens and Laeven (2004). The country-based studies Colombia and Argentina also confirm the positive impact of foreign bank entry on efficiency in local banking markets (Clarke et al., 2000; Barajas et al., 2000). Similarly, country-specific studies in Eastern and Central European region also highlight a favorable impact of foreign bank entry on competition in local markets (Kiralyi et al., 2000 for Hungary; Nikiel and Opiela, 2002 for Poland). However, studies in China and India highlight a negative impact from foreign bank entry (Sensarma, 2006; Wu, Chen, and Lin, 2007); therefore, explaining limited cross-border banks participation and justifying dominance of local banks. Cross-border banking in East Asian countries, after the 1997 crisis, on the contrary, has been associated with modest but positive effects on competitiveness and efficiency (Lee, 2003 for Korea; Unite and Sullivan, 2002 for the Philippines; and Kubo, 2006 for Thailand). The effectiveness of financial infrastructure in the form of credit information-sharing systems together with market structure availability of dominating state-owned banks shapes the regulatory and socio-cultural environment in the host country (Beck *et al.,* 2014).

Beck *et al.,* (2014) argue that cross-border banks in Africa have a potential of reaping benefits of economies of scale and fostering financial and economic development because the financial markets in Africa are still small and shallow with a significant potential for expansion. International business offers the possibility of exploiting three sources of competitive advantage unavailable to national companies: global efficiencies, multinational flexibility, and worldwide learning processes (Lovas and Ghoshal, 2000: 875–96). Shenkar and Luo (2008: 104), through the dynamic capability theory, suggest that to prosper in today's turbulent international environment, MNEs must develop dynamic capabilities to create, deploy and upgrade resources in pursuit of sustained competitive advantage. An MNE based in different countries utilizes various competitive advantages developed in response to factor and product market circumstances in their home countries (Berry et al., 2010). Porter (2008) observes that companies that had aligned their global strategy with national stereotypes performed better than those that did not. Government support acts as a two-edged sword as it shields a firm from the marketplace, thereby acting as a damper on capability development, limiting the firm's strategic leeway (Shenkar and Luo, 2008). Child (2005) further observes that developing MNEs mediate the flow of technologies from industrialized to developing countries. Birnik (2007) asserts that DMNEs develop and gain ownership advantages through organizing across borders. Despite the fact that a heightened tendency toward borderless activities; growing contributions from foreign production and sales most MNEs retain their home country roots and characteristics (Shenkar and Luo, 2008: 103). They further assert that profits are readily obtainable in less developed and regulated markets. Cross-border banking has become an increasingly important feature of African financial systems, and the trend has accelerated in the past decade (Beck *et al.,* 2014) doubling from 120 to 227 (Claessens & Van Horen 2014); substantially increasing their geographic footprints on the continent. The banks tend to use standalone subsidiaries with limited integration across affiliate networks with parent Banks, with a focus on servicing larger corporate clients in growth sectors (Beck *et al.,* 2014). Cross-border banks have become significant beyond their home countries and of systematic importance in some jurisdictions. The cross-border banking phenomenon has a potential of reaping benefits of economies of scale, fostering financial and economic development for Africa (beck, 2011; Beck *et al.,* 2014). Academic literature provides nuanced messages about the impact of cross-border banking on efficiency and competition, financial deepening and outreach, and economic stability in Africa.

However, cross-border banking also provides potential risks and challenges to the home and host countries as the cross-border banking offer new potential dangers as new channels of contagion emerge as national banking and financial systems become interwoven allowing transmission of shocks across the border

(Beck *et al.,* 2014; Beck & Brown, 2015). Expansion in cross-border investment is due to many factors, but the pursuit of business opportunities abroad and enhancement of competitiveness has been the primary driving factor (Child, 2005, beck, 2007; Diaconu, 2012). Economists distinguish between push and pull factors by assessing drivers in cross-border banking expansion. The economists argue that the pull factors deemed as opportunities available in the host countries, therefore, making cross-border banking attractive for the banks to venture into cross-border investment. The push factors, on the other hand, are circumstances in the home country making the cross-border banks to venture cross-border banking. The pull factors involve the benefits that the cross-border bank hopes to reap in the process of staking foreign markets. Beck *et al.,* (2014), highlights that the Kenyan banks ventured to cross-border banking mainly due as a result of interest to increase learning and innovation due to a desire by the banks to replicate their innovative business frameworks across neighboring countries. The opportunities available in the neighboring nations provided the impetus for these banks to venture to deliver services and products abroad. The cross-border banks undertake assessments of the opportunities available in the foreign markets by looking at profit opportunities in comparison to the home country bank and potential in the host countries. The push factors in Kenya, the authorities introduced a similar, "albeit more gradual and considerably milder regulatory measure raising the minimum core capital requirement from Kenya Shilling 250 million (USD 4 million) in 2008 to Kenya Shilling 1 billion (USD 12 million) in 2012". This discouraged expansion by banks domiciled in the smaller financial systems in neighboring countries in East Africa from establishing themselves on the Kenyan market.

Cross-border banks in pursuit of competitiveness generally seek to enhance efficiency, risk management, learning and innovation. The undertakings in cross-border venture provide these opportunities as a result of differences in different countries political and socio-cultural dynamics. Literature generally provides insight on cross-border banking facilitates competitiveness; however, the success is not clear as most of literature hasn't articulated appropriate strategy for competitiveness.

2.2.3.1 Efficiency

Ghoshal (1987) notes that achievement of efficiency in current operations benefits from differences in factor costs, wages and costs of capital through the exploitation of potential economies of scale in each activity. MNEs take advantage of different patterns, endowments, cultures, institutional arrangements, demand patterns, economic policies and market structures by concentrating production in a limited number of locations to supply multiple markets (Dunning and Lundan, 2008). They argue that cross-border operations provide a competitive advantage in efficiency as a result of availability and relative costs of traditional factor endowments in different countries.

MNEs attain higher efficiency as they rely on sourcing from low labor cost countries and also enjoy high energy from the centralization of their operations (Chen and Cannice, 2006). MNEs not only strive to minimize transaction costs but also attempt to maximize transaction values when interacting with local firms in foreign markets (Hwang and Gaur, 2009). MNEs attain a competitive advantage by relocation to countries with favorable taxation policies (Birkinshaw *et al.,* 2006).

The cross-border operations strategy could be sourcing for knowledge-intensive inputs available in the different markets (Dunning and Lundan, 2008). Competitive advantage through greater organisational efficiency, as a result of superior incentive structures of hierarchies, and the ability to exercise monopoly power over the assets under governance (Lundan, 2014). He argues that MNEs pursuing an integrated or regional strategy seek to access some competitive strength in an unfamiliar market. The uniformity in governance structures can reduce cost efficiency (Buckley, 2008). Other scholars argue that MNCs don't enhance ability when using global sourcing, as they end up paying high monitoring, coordination and transportation costs (Buckley, 2008; Birnik, 2007; Gaur and Lu, 2007; Chen and Cannice, 2006).

Multinationals are capable of achieving efficiency of investments and costs across products, markets, and business. According to Bornadi, Hillman and Keim (2005) firms competing in an imperfect market earn different efficiency rents from the use of their resources found in different countries. A multinational corporation can determine the optimum way to configure its value chain to achieve the highest overall efficiency by operating in various markets using the appropriate marketing strategy (Porter, 2008). Cool (1985) note that it is clear that efficiency is an important strategic objective, but so too is the creation of value which is not only determined by returns but also by the management of the risks assumed in the process. Porter (2008) further asserts that firms employ a global strategy with

a strategic goal of gaining a global competitive advantage, exploitation of inputs and output markets in different countries, and economies of scale. Michael Porter's concept of the value-added chain adds richness of analysis of range as a source of competitive advantage. Different scholars agree that strategic management of multinationals leads to the achievement of efficiency through national differences, economies of scale, and scope. Different scholars highlight that international strategies facilitate result of ability in current operations due to national differences (Foss and Foss, 2005; Gaur and Lu, 2007; Gaur, Delious and Singh, 2007; Buckley, 2008). Others argue that the achievement of efficiency in current operations is only through economies of scale (Dunning and Lundan, 2008; Bornadi, Hillman and Keim, 2005; Lundan, 2014; Gaur and Lu, 2007). Other scholars argue that efficiency is attained by utilisation of current operation and increase in the scope of economies through cross-border transactions (Gaur and Lu, 2007; Chen and Cannice, 2006; Hwang and Gaur, 2009; Birkinshaw *et al.,* 2006).

Scale economies in banking are hard to measure, and their estimation is subject to assumptions about cost functions, but there is substantial evidence that the cost efficiency of banks increases with size (Beck *et al.,* 2015); Berger and Mester (1997) found evidence that there were no significant scale economies. However, recent studies find scale economies beyond that limit (Wheelock and Wilson, 2009; Feng and Serletis, 2010), even when they explicitly take into account that more significant. The cross-border banking enhances competitiveness on economies of scale as highlighted by studies. Banks might be more aggressive in risk-taking, given their too-big-to-fail status (Hughes and Mester, 2013). One factor explaining this difference might be that scale economies in banking have most likely increased in recent years given technological progress in telecommunication and computing which has led to significant cost savings. Evidence from an extensive literature exploring the impact of branch deregulation on banks' performance in the US has also shown that allowing banks to expand across state borders has resulted in cost reductions and lower pricing (Jayaratne and Strahan, 1998; Black and Strahan, 2001). Scale economies are also present at the banking system level (Beck *et al.,* 2014). Simple correlations between efficiency measures, such as overhead costs or net interest margins, and the absolute size of banking systems illustrate the scale problems of African banking (Becket & Brown, 2015).

Measures of size, such as population or GDP, are also negatively related to indicators of financial development (Beck *et al.,* 2008; Beck and Feyen, 2013). High structural costs at the banking system level are the result of most banks operating on an inefficient scale, fixed infrastructure costs (e.g., payment system and regulatory framework), and lack of competition given the limited number of

players. The empirical evidence on the effect of foreign banks on financial outreach and deepening has been ambiguous, with findings varying across countries and regions and different sources of data (household survey, enterprise survey, and bank-level data). On the cross-country level; Detragiache, Gupta, and Tressel (2008) show that a higher share of foreign banks with a lower level and growth rate of financial depth across 89 low-income countries.

While this analysis is cross-sectional; i.e., it averages data for each country over more extended time periods, a panel analysis that follows nations over time presents a somewhat different picture (Cull and Martinez Peria, 2008). It shows that foreign bank entry from 1995 to 2002 more often than not happened in the context of financial distress in developing countries. Foreign banks were often brought in to acquire failed domestic banks, whether private or state-owned and thus recapitalize undercapitalized banking sectors.

A firm can gain a competitive advantage by configuring its value chain so that each activity in the country with less cost for the operation used most intensely (Porter, 2008).

2.2.3.2 Risk management

The global spread also permits MNEs an adequate response to trade and investment barriers (Shenkar and Luo, 2008: 103). They further explain that it provides MNEs with diversification, allowing them to compensate for low performance or uncertainties such as currency fluctuations in specific markets. Verbeke (2013) asserts that the higher rate of return against the higher risk associated with foreign investment, as the DMNEs are better placed to develop and gain ownership advantages.

Developing MNEs subject to political risks and volatility can reduce risk and protect some capital base via diversification by shifting assets abroad (Lecraw, 1994). Several scholars have highlighted the benefits of international management strategies, i.e., managing risks through national differences (Krechel, 1981; Kobrin, 1982; Poynter, 1985; Lessard and Lightone, 1983; Srivivasulu, 1989; Herring, 1983, Ghoshal, 1987). A key benefit of cross-border banking arises from its effects on risk diversification, for both financial institutions and local economies (Beck *et al.,* 2014); by a domestic bank investing abroad, it becomes less exposed to internal shocks. Arena, Reinhart, and Vazquez (2007) find for a sample of 1,565 banks across 20 emerging markets over the period 1989 to 2001 that foreign bank credit levels were less sensitive to monetary conditions in the host country, while their lending and deposits rates were less

volatile than those of domestic banks during crisis periods. Bruno and Hauswald (2014) also show that foreign banks can mitigate the impact of banking crises on industries that are dependent on external finance. Beck *et al.,* (2014) argue diversification is undertaken efficiently as long as business cycles are not perfectly synchronized across countries, expanding beyond the home market allows banks to diversify macroeconomic risk.

Most studies highlight that countries with diversified banking systems provide risk diversification for local users of banking services. There is a large body of pre-global financial crisis evidence that supports the hypotheses that by diversifying risk, cross-border banking brings benefits for both financial institutions and local economies (Beck *et al.,* 2014). Recent studies suggest that cross-border trading mitigate the impact of domestic economic shocks, but that it exacerbates global financial shocks (Beck & Brown, 2015). Cross-border banks propagate shocks from home to host countries (Popov and Udell, 2012; deHaas and Lelyveld, 2014). Similarly, Kalemli-Ozcan, Papaioannou, and Perri (2013) argue that financial shocks like the global economic crisis lead to chronisation of business cycles across countries. Peek & Rosengren (2000) found evidence that the 1990s Japanese banking crisis had a negative impact on the U.S. commercial real estate market as the crisis forced Japanese banks to withdraw from the U.S. market. The findings in Central and Eastern Europe much more affected by contagion effects from weakened multinational banks than banking systems in Latin America (Cull and Martinez Peria, 2013). However, the impact of the global financial crisis on Africa has provided little evidence for contagion effects through banking system channels (Beck, Maimbo, Faye, & Triki, 2011), and by the fact that the vast European banks active in Africa fared relatively well during the crisis. The African financial system with relatively had limited intermediation role of African banks and their high liquidity and capitalization.

Beck *et al.,* (2014) in their study observed that the factors influencing success of cross-border operations in the host countries include: - (a) the cost of doing business for foreign banks; (b) the cost of entry, such as the availability of financial infrastructure, licensing requirements; (c) maintaining an open policy towards employment of expatriate staff; and (d) establishing a level playing field. An increasingly important reason for the expansion of African banks across borders is the presence of growth opportunities (Claessens and van Horen, 2014). These opportunities have traditionally been prevalent in the natural resource extraction industries, but bankers are becoming increasingly aware of the potential spin-offs from such enclave growth (Beck *et al.,* 2014). While still mostly unexploited, possibilities exist in financing ancillary services relating to (a) the value chains servicing the natural resource extraction industries, and (b) the

development of local infrastructure and service industries that exhibit considerable growth potential.

Strategic management of MNCs facilitates management of risks by balancing strategic and operational scale with strategic and operational flexibility (Torben, 2005). He further asserts that control of risks arising from the market- or policy-induced changes derived from comparative advantages from different countries.

The primary strategy for organizing across borders is the management of risks through portfolio diversification of risks and creation of options (Diaconu, 2012). He highlights that MNEs face macroeconomic, policy, competitive, technological and resource risks and asserts that strategic tasks about management of risk are the consideration of different kinds of uncertainty in the context of particular strategic decisions (Verbeke, 2013). Cross-border banking coupled with risk management through the scale of economies. The strategies for management of risks through scale economies extensively discussed (Chen and Cannice, 2006; Dunning and Lundan, 2008; Lundan, 2014; and Birkinshaw *et al.,* 2006).

2.2.3.3 Learning and innovation

Most scholars have put forward arguments that organizing across borders facilitates learning and innovation. The capacity to generate ideas and acquire new knowledge through coordinating across different locations is a strategic capability (Shenkar and Luo, 2008: 104). Cross-border entities have to acquire technological assets such as patents, trade secrets, propriety designs, product development, and process innovation.

MNCs have a unique position to access diverse sets of technical inputs across global operations generating innovation together with existing knowledge (Singh and Zhao, 2006). International management literature provides mechanisms for exploitation and transfers knowledge more efficiently by internal expansion or external market mechanisms (Berry, 2014). He argues that a fundamental issue within the field of management concerns the generation, exploitation, and sharing of knowledge. Strategy for cross-border management of operations has to achieve a sustainable competitive advantage by exploiting, configuring and extending knowledge assets (Eisenhardt and Martin, 2000; Berry, 2014). MNCs have to generate competitive advantages that other firms have difficulty replicating, matching or surpassing (Martin and Salomon, 2003). The costs associated with management of dispersed knowledge activities and problems related to sharing and integration of knowledge across distances implements the international strategy challenging to achieve (Berry, 2006).

MNCs can generate superior performance by combining and exploiting knowledge across different locations (Phene and Almeida, 2008). Firms based in different countries pursue research and development together with innovation activities in the home country (UNCTAD, 2005). Berry (2014) argues that multi-country collaborative innovation draws in a broader pool of technological knowledge than single country foreign innovations. Firms can bring several clusters of expertise and know-how when they engage in international cross-border ventures (Alcacer and Chung, 2007; Singh, 2008).

However, there is a challenge to manage these dispersed operations for knowledge-sharing across distances (Berry, 2006). The MNCs' collaboration between the different units provides an opportunity for collaboration that enhances flexibility and formation of innovation processes within the organisation (Zander, 2004). Merdzanovska (2015) argues that MNEs enhance learning and innovation from, amongst others, societal differences in organisational and managerial process and systems, shared learning across organisational components in different products, markets and business, and benefits from cost reduction and innovation. The diversity of cross-border banking frameworks may be a key explanation of an MNC's ongoing success (Berry, 2005). The successful functioning of MNCs, strategies for research and development together with diversification has great importance (Franklin, 2010:39). The strategy of research and development is the basic component of long life development of the company (Merdzanovska, 2015). Shenkar and Luo (2008: 104) also argue that multinationals derive competitive advantage through extension and exploitation of knowledge and learning that enhances innovation and adaptation throughout global operations. They further argue that cross-border strategies help MNEs to translate learning into competence; the MNE must convert it into the firm's specific resources through acquisition, sharing and utilisation.

The second school of thought is the ability to organize across borders to facilitate learning and innovation (Moran, Harris and Moran, 2011; Verbeke, 2013). Sharing and disseminating newly-acquired knowledge among sub-units of MNEs determine the efficiency capabilities of upgrading (Shenkar and Luo, 2008: 106). The third school of thought is the ability to organize across borders to facilitate learning and innovation, which translates into competitiveness by the scope of economies. This ideology articulated by scholars in publications that opine that multinationals enhance competitiveness through innovation, learning and the adaptation of a range of economies (Berry, 2006, 2014; Lane and Maznevski, 2014; Cui, Griffith and Cavusgil, 2005). Shenkar and Luo (2008: 104) believe that organizing across borders facilitates external knowledge acquisition through alliances, which is an essential vehicle for upgrading capabilities, patents, trade

secrets, propriety designs, product development and process innovation. Firms need to build skills through innovation and stay competitive (Jagersma, 2005; Twarowska and Kakol, 2013).

African and international cross-border banks have adopted new products and innovative delivery channels in the past few years to broaden their client base by reaching out to the majority of Africans, who have hitherto excluded from formal financial services (Beck *et al.,* 2014). Cross-border banking enhances competitiveness through learning and innovation Clarke, Cull and Fuchs (2009) established that standard bank operating as a Stanbic bank in Uganda introduced new products and increased agricultural lending in Uganda. Beck & Brown (2015) highlight that Equity Bank and Kenya Commercial Bank have developed business frameworks designed to grow their client base by "graduating" small microfinance borrowers to smaller and eventually quite large individual and SME clients. The success and profitability of these new endeavors are resulting not only in enhanced domestic competition and financial deepening but also in efforts to export the same business framework across the East African Community.

Different banks have provided various innovative products and services in a bid to gain competitiveness in cross-border banking. Barclays also offers Susu lenders with deposit accounts and training sessions, for example on delinquency management, financial management or risk management in Ghana (Beck *et al.,* 2014). The program was eventually transferred to other cross-border operations following acceptance and further expanded to other intermediaries, including credit unions, trade associations, church groups and microfinance institutions (Beck & Brown, 2014). Susu collection is a traditional informal arrangement in some West African countries to mobilize deposit savings against a small fee and provide limited access to microcredit with an estimated 4,000 Susu collectors in Ghana and each collector serving between 200 and 850 clients daily (Beck, Faye, & Triki, 2011). This system provides essential savings and microcredit services to a large number of people excluded from the formal banking system. The initiative creates a win-win situation, as Susu collectors can build their capacity and benefit from additional legitimacy from their relationship with the bank, while Barclays gains insight into the indigenous microcredit culture and creates awareness and trust among the unbanked population in its formal banking services (Osei, 2007). Eco bank also launched one of the biggest microfinance banks in Nigeria in 2007 in partnership with other stakeholders, and opened EBACCION Savings & Loans, a microfinance bank, in Ghana in 2008 (Beck *et al.,* 2014). This innovation transferred to the operation of micro-finance bank network in Eco-bank operations in Cameroon, Senegal and Benin and Cameroon; Eco bank supports 200 MFIs on the continent in commercial loans

and other products (Eco bank, 2010). In Morocco, Banque Populaire du Maroc begun learned the mechanisms for increasing clients by the establishment of a microcredit subsidiary, Foundation Banque Populaire pour le Micro-Crédit, which acquired, in 2009, the Foundation Zakoura, one of the leading players in the market (Beck *et al.,* 2014). In the Arab Republic of Egypt, this innovation has been taken up, and service companies, a new category of microfinance provide microfinance credit services acting as agents for banks (Beck *et al.,* 2011).

Absa moved into South Africa's microfinance market and, in partnership with CompuScan, a credit bureau, built Microfinance Enterprise Service Centers, which rural mobile are lending outlets operating out of freight containers (Beck *et al.,* 2014). The service centers facilitated the bank to reach the remote and rural areas; the centers for third-generation mobile telecommunications, general packet radio service and satellite connectivity linked to CompuScan's South African credit bureau database.

Sharing and disseminating newly-acquired knowledge among sub-units of MNEs determine the efficiency capabilities of upgrading (Shenkar and Luo, 2008: 106).

2.2.4 Summary of Reviewed Literature

The review of the empirical literature suggests that the cross-border strategies employed by MNEs contribute towards competitiveness by banks. The analysis also highlights that the strategy used by multinationals include global, multi-domestic, and transnational strategies. The literature generally provides insight on the characteristics of different cross-border frameworks.

The primary goal of the financial institution is differentiation advantage, lower costs, and highly customized products and approaches for each market. The policy pursued by the company early in the degree of differentiation of products or services in response to the pressures for localization or globalisation. The degree of globalisation or localization based on competitiveness is enshrined on efficiency, risk management and innovation and learning. The literature highlights the fact that globalisation is about little integration and standardization with a focus on capturing global competitiveness. While the multi-domestic strategy is about localization, a trans-national strategy is between globalisation and multi-domestic.

The strategy employed by the companies is unable to take place in a vacuum. The extent of achievement of the approach depends on the situation provided by the political together with social and cultural environments. Despite this

disposition, most of the studies are based on modern economies with well-established systems and the application of the different strategies was not uniform. The critical examination of the use of the diverse approaches within a setup in developing economies can create a new body of knowledge.

2.2.5 Gap in Literature Review

The literature reviewed confirms that cross-border operations take place in complex and dynamic business environments. Business entities conducting trade across borders are faced with unique and peculiar environments both in the domestic and foreign arenas. The settings are not static but dynamic continuously providing a fragile, unusual situation. Understanding the effects and impacts of actions by the actors in different environments is critical for the competitiveness of commercial Bank seeking to succeed in the global setting. The interconnectedness of the fundamental theoretical propositions by various scholars is essential to the competitiveness of the cross-border business venture. It's was imperative therefore to examine the theoretical propositions together with practice. There is significantly limited literature about the cross-border operations in sub-Saharan Africa.

Academic literature is nuanced with characteristics of global, multi-domestic and transnational frameworks. Critical elements of global cross-border framework; centralisation, standardisation, and head quarters regulating subsidiaries tightly. The previous studies highlighted issues in relation to emergence of the global strategy with different scholars providing different variables. Multi-domestic strategy use structures that resemble federative structures, unlike the global strategy which uses unitary structures. Literature is critical of the different cross-border frameworks in different dimensions. However, no study provided insight on the extent to which the different frameworks enhance competitiveness. The impact of the different dimensions of the frameworks was adequately covered. The gap in the literature has been filled by this study highlighting the extent to which the different frameworks contribute to competitiveness by Kenya Commercial in East Africa. Global strategy enhances competitiveness by 9%, multi-domestic contributes by 24% and transnational by 34% in the dimensions of efficiency, risk management, learning and innovation. The model derived from the quantitive and validated in qualitative established the critical variables in the process of competitiveness in cross-border banking in East Africa.

The literature further highlights the fact that competitiveness by multinationals gained through efficiency is national differences, economies of scale, and scope. Competitiveness is attained through risk management by diversification, allowing

MNCs to compensate for low performance or uncertainties such as currency fluctuations in specific markets. Competitive advantage obtained using risk management as a result of comparative advantage from different countries. The literature points out that strategic management facilitates learning and innovation through the economies of scale and scope, national differences, and stability. Socio-cultural and political environments influence the implementation of the strategies being implemented by the MNEs. The gap in literature is the extent to which the different frameworks contribute towards competitiveness. This gap in literature has been filled by the study providing insight in relationship to dynamics in the contribution of each dimension.

In summary, the literature reviewed revealed that cross-border strategies are influenced by the socio-cultural and political environment. This is generic in nature and managers need to understand the critical aspects in the management of cross-border banks with subsidiary and headquarters business environments. Furthermore, previous studies didn't come up with the critical attributes which managers have to examine in the process of undertaking determining strategy and competitiveness in cross-border banking. The study provided insight on the critical variables in home and subsidiaries in relation to political environment and socio-cultural environment. The gap was filled by the study by generating dimensions responsible for appropriate strategy and competitiveness of Kenya Commercial bank. The study provides insight to managers and researchers on the critical variables in the process of capturing competitiveness.

Despite the long history of research on multinational operations across in Africa, most scholars undertook studies of multinationals in different continents. Cross-border undertakings have predominantly been in the product industry. The concept of cross-border banking very critically examined in Europe, Asia and South America. However, empirical research mainly from the point of developed countries and emerging powers. The banks provide insight into the performance of banks from the developed economies and BRICS. The studies that have been carried out are limited to more developed economies don't offer insight into the dynamics of the less advanced economic companies undertaking cross-border ventures. The gap in the study was filled as insight on dynamics of strategy and competitiveness established in Sub-haran Africa.

2.2.6 Conceptual Framework

Kenya Commercial Bank employs cross-border strategies for the attainment of competitive advantage in efficiency, risk management, learning, and innovation. The essential strategy is global, multi-domestic, and transnational being moderated by socio-cultural and political environments. See Figure 2.12 below in this regard.

Cross-border strategies → **Competitiveness**

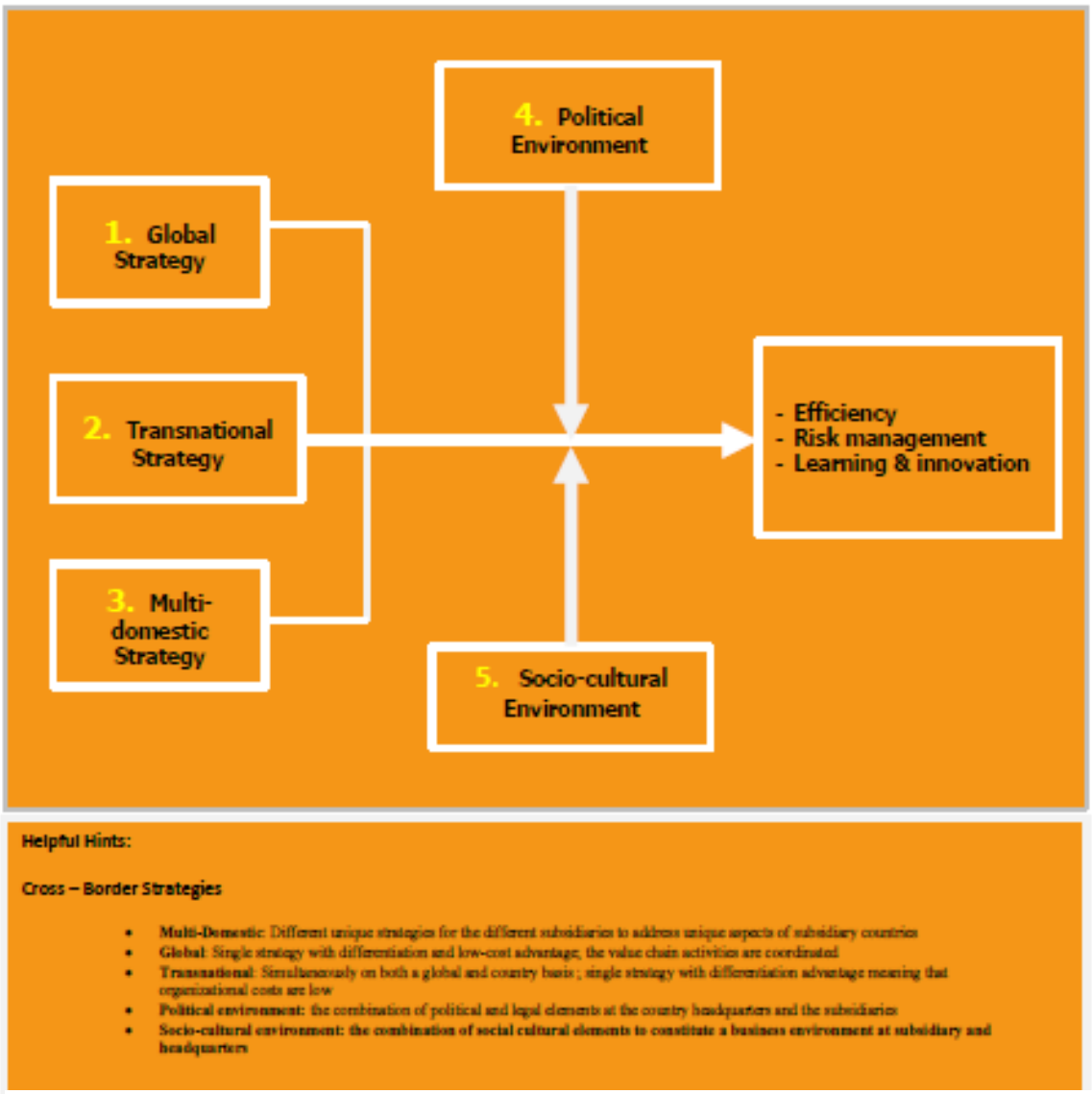

Figure 2-11: Conceptual Framework.

Figure 2-11 shows the conceptualization of the study based on cross-border strategies for competitiveness by MNEs. The cross-border strategy is the independent variable while competitive advantage the dependent variable. Socio-

cultural and political environments moderate cross-border strategies and competitiveness. In this conceptual framework, the cross-border strategies are broken down into global strategy, multi-domestic strategy, transnational strategy, and international business strategy. These are the strategies usually employed by MNEs to gain competitiveness in business. The dependent variable competitiveness is broken down into efficiency, risk management, and innovation and learning. These are the strategies the MNEs pursue while organizing across the borders within the nation.

However, political environment; legislation, policies, economic system, political stability, political system, court System, foreign policy, and central bank regulations. The social-cultural climate; language, mindset, philosophy, norms, cultural Attitudes and cultural habits, social demographic patterns, tastes, and preferences moderate achievement of competitiveness in the different countries.

2.2.6.2 Conceptual framework for this inquiry.

A particular tool that the researcher believes would facilitate some understanding of the rationale behind the development of an appropriate cross-border competitive strategy for the Kenya Commercial Bank is a framework supported by a practical approach. But what does this theoretical concept imply? Firstly, it must be differentiated from (i) concepts, which are symbolic constructions using which we make sense of our worlds, and (ii) definitions of meaning and statements of fact or empirical statements (Mouton, 1996). Secondly, a framework should represent a conceptual framework, although it differs from other models that have similar functions, like typology and theory (Mouton, 1996; Mouton & Marais, 1994). Thirdly, while a typology presents a static image or a cross-section of a specific class of events, a theory explains by claiming an underlying causal mechanism, "… a framework, therefore, is an attempt to represent the dynamic aspects of the phenomenon by illustrating its elements in a simplified form" (Mouton, 1996: 198). Fourthly, a framework includes an abstraction of some social reality or a simplified representation of it (Robbins, Odendaal & Roodt, 2003). Finally, as Wendell and Bell (1999) indicated, a framework should depict in words or pictures the critical features of some phenomenon, presenting these characteristics as variables, and specifying their interrelationship.

Therefore, when constructing a framework, one should (i) specify central problems (ii) limit, isolate, simplify and recognise them; (iii) provide a new language of discourse; (iv) explain means for making predictions; and (v) indicate the relatedness of the framework's concepts, (Jordaan, 2005).

Within an organisational context, it is also important to outline framework's fundamental ideas at the outset by defining "cross-border strategies" recognized for their pursuit of best practice. Also, they are designed to bring out the best, to create an extraordinary capability, to deliver sustainable, high-performance results; are agile and market driven and demonstrate respect for individuals and, finally, emphasize team involvement (Dalton, 2000:69). In short, these strategies should focus on the customer and the continual improvement of quality and place a high value on human resource diversity and high performance (Wendell & Bell, 1999).

Having reviewed the literature on the topic under discussion and derived a conceptual framework from research as shown in paragraph 2.7.1 above, the next section deals with conjectural statements (hypotheses) regarding the study.

2.2.7 Hypotheses

The following hypotheses are formulated and rigorously tested in the result chapter of this study:

H1: Political environment positively influences cross-border strategies and competitiveness by Kenya Commercial Bank

H2: Socio-cultural environment positively influences cross-border strategies and competitiveness by Kenya Commercial Bank

Since the study adopted a partially mixed sequential, dominant status research designs (Leech and Onwuegbuzzie, 2007); the results of the quantitative phase were subjected to trustworthiness and member checking with highly placed participants in the organisation. This member checking conducted during the qualitative stage of the study. The idea here was to establish what existed in the mind of this people regarding their views on the derived cross-border framework and whether they perceive it as a reasonable reflection of reality in the Kenya Commercial Bank or not (Strause and Corbin, 1998). Also, to indicate whether it would fit the actual situation and contribute positively towards the success and competitiveness of the Bank.

2.3.0 Chapter Summary

This chapter studied extensive theoretical and empirical literature about cross-border strategies and competitive advantage for firms organizing across borders.

The theoretical review dealt with frameworks and theories that support the development of cross-border strategies.

The theoretical review examined theories influencing cross-border enterprises; these include parent, institutional, agency, organisation bargaining, cultural convergence, cultural divergence, crossvergence, and social network theories. The theories lend themselves towards an explanation of cross-border trade to comparative advantage. The theoretical review established that despite limitations in the specific theory, each theory is viable in explaining the strategic choices adopted by organisations involved in the cross-border organisation.

The empirical review assessed the concept of cross-border trade strategies about organisational competitiveness. The strategies used by multinationals across borders can be international – wasn't pursued - global, multi-domestic, and transnational. Political and socio-cultural environments may also influence the strategy adopted by the multinational. The firm's competitive advantage attained through efficiency, risk management, learning and innovation. The literature highlights that the different strategies adopted can contribute to the firm's competitive advantage. However, the point of departure is the degree of variation of the strategies and the extent to which this leads to competitive advantage. The relationship between the cross-border strategy variables is also shown in ***Figure 2-11*** above.

The next chapter deals with the methodology for undertaking an inquiry on the cross-border strategies for gaining a competitive advantage by Kenya Commercial Bank.

CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY

3.0 Introduction

The previous chapters dealt with the theoretical and empirical foundations by reviewing theories and empirical data regarding the cross-border framework employed by the cross-border venture. This chapter presents the research design and methodology in context to the research problem and purpose.

This chapter systematically covers the research paradigm, research design, methods of data collection, and unit of analysis, study population, sampling methods, sample size, methods and instruments for data collection, together with an analysis of data. Validity and reliability are extensively discussed to ensure credible inquiry to evaluate the appropriateness of the research design and methodology. The proposed methodology is envisaged to generate useful information through the collection and analysis of data on the attitudes, knowledge, and experiences of employees, policymakers, agents and government representatives towards the Kenya Commercial Bank. The areas above regarding the quantitative, qualitative and mixed method research approach. The chapter divided into three sections the quantitative, qualitative and synthesis of mixed method data.

The conclusion highlights the ethical considerations of the research to produce credible and professional research inquiry. The adopted approach and methodology enabled the researcher to evaluate the cross-border framework for competitiveness by Kenya Commercial Bank.

The following section provides the philosophical foundations to the study. For this purpose, the quantitative, qualitative and mixed research designs discussed.

3.1 Philosophical foundations: quantitative, qualitative and mixed methods designs

The philosophical foundation forms the basis for selecting the most appropriate research philosophy. Research philosophy provides a basis for the generation of new knowledge by use of different theories and approaches to research. Easterby-Smith., Thorpe., and Jackson. (2012) asserts that the research paradigm or philosophy has developed into distinctive philosophy over a period of 150 years Furthermore; Kuhn (1962) undertook the process of the separation

of the distinct research paradigms. In addition to the preceding, Easterby-Smith *et al.,* (2012) also argue that failure to adequately deal with the research philosophy affects the quality of management research. Philosophical issues are critical in the clarification of designs, provision of answers to questions, helping the researcher to recognize designs that work and creating designs outside the researcher's experiences (Creswell, 2008).

Scientists and social scientists draw from different ontological and epistemological assumptions when developing research methodologies (Collis & Hussey, 2005:55). Researcher awareness of philosophical assumptions creates both innovation and creativity in the process of undertaking the inquiry. Whereas it is easy to recognize the methods, approaches, and techniques undertaken by the researcher; questionnaires, interviews, focus group discussions but these are as a result of ontological and epistemological assumptions (Smith, 2006; Easterby-Smith *et al.,* 2012).

3.1.1.0 Research Philosophy

The research philosophy or paradigm is the starting point of the research design because it provides a framework for empirical inquiry (Collis & Hussey, 2005). Furthermore, research paradigms are guided by five basic philosophical assumptions: ontological; epistemological; axiological; rhetorical and methodological. Ontology deals with the nature of reality as epistemology deals with how and what is possible to know (Chia, 2002; Smith, 2006). Ontological assumptions constitute social reality while epistemology refers to valid ways of gaining insight into the social reality within a particular ontological perspective (Blaikie, 2000). While the ontological assumptions, on the one hand, are concerned with the nature of reality, epistemological assumptions, on the other hand, are concerned with the role of values during the research study. The axiological assumptions are however concerned with the role of values in the research. In so far as rhetorical assumptions are concerned, these are related to the type of language used in the study while the methodological assumptions are concerned with the processes of research. A variation in the assumptions leads to different research paradigms.

A research study must focus on the four philosophical assumptions: epistemology, theoretical perspective, methodology and the techniques used (Crotty, 1998; Creswell, 2003; Smith, 2006). Epistemology is the knowledge embedded objectivism or subjectivity. This paradigm undertakes to articulate the methodology, strategy or plan of action used for undertaking the investigation. The philosophy that was identified by the researcher governs the choice of the

method, techniques, and procedures used by the questionnaire, interview, and observation. Traditionally, there are two paradigms for undertaking scientific inquiry: positivism and interpretivism (Collis & Hussey, 2005:55). Developments in the field of research have led to a critical examination of traditional research paradigms which are quantitative and qualitative, leading to the emergence of pragmatic, critical and participatory research paradigms (Lincoln & Guba, 2000; Tashakkori & Teddlie, 1998; Teddlie & Tashakkori, 1998; Newman & Benz, 1998; Creswell, 2003; Teddlie & Tashakkori, 2009).

The researcher adopted multiple research paradigms for investigating the phenomena of cross-border and competitiveness by Kenya Commercial Bank.

3.1.1.1 Positivism

Collis and Hussey (2005:58) outline the characteristics of positivism research paradigm by ontological, epistemological, axiological, rhetorical and methodological assumptions. The ontological assumption assumes that the nature of reality is objective, single and separate from the researcher while the epistemological assumption relates to what constitutes knowledge as the research does not bias the researcher. The axiological assumption for positivism argues that the role of values in research is value-free and unbiased. Positivism also assumes that the rhetorical language used in the research is a formal style and the passive voice acceptable, quantitative words and sets of definitions. The methodological process under positivism is deductive studying cause and effect; research is context-free, generalizations lead to prediction and results are accurate and reliable by use of validity and reliability. Furthermore, positivism provides a framework for research conducted in the natural sciences. Further, underpinned by the belief that reality is independent of the researcher; based on empirical research associated with quantitative methods of analysis (Collis & Hussey, 2005).

Blaikie (2007) also opines that as a result of social science is interested in the behavior of people rather than inanimate objects; it has led to the debate on whether assumptions of natural sciences are appropriate for the investigation of phenomena in social sciences. Concepts such as class and racial segregation are treated as a real phenomenon which is independent of the researcher; therefore, requiring positivist approaches of the investigation. Positivists also assume that different observers may have different viewpoints (Easterby-Smith, Thorpe & Jackson, 2012). Truth can vary from time to time and place to place (Collins, 1983:88). It is for this reason that positivism argues that the social world exists externally and its properties have to be measured objectively rather than

by subjective inference (Easterby-Smith *et al.,* 2012). Positivism provides the best way of investigating human and social behavior that originated as a reaction to metaphysical speculation (Aiken, 1956). Comte (1953:3) further argues that all good intellect has repeated since Bacon's time and there is no real knowledge apart from that which based on facts. The basis of ontological and epistemological assumptions about the existence of reality and externally determined truth provides for the techniques for an investigation that uses quantitative methods.

The first phase of the study guided by positivism philosophy. Positivism existence of objective reality where the researcher independence from the study. The philosophy opines that human interests were irrelevant, explanations must demonstrate causality, research was progress through deductions and hypotheses, concepts defined for ease of measurements, unit of analysis was be reduced into simple terms, generalization through statistical probability, and sampling by use of large numbers. By positivist research philosophy, the first of the study used quantitative methods of data collection and analysis for the investigation of cross-border strategies for competitiveness. Positivism facilitated the development of the framework tested in the second phase of the study by use of interpretivism.

For this study, in particular, the quantitative phase was be based on positivist research philosophy.

3.1.1.2 Interpretivism

Collis and Hussey (2005:58) outline the characteristics of the interpretivist research paradigm based on ontological, epistemological, axiological, rhetorical and methodological assumptions. Interpretivism provides the ontological assumption and believes that the nature of reality is subjective with multiple realities and is informed by participants' perceptions. The epistemological assumption on what constitutes knowledge interacts with research. Axiological assumptions for interpretivism argue that the role of values in research is value-laden and biases are present. Interpretivism also assumes that the rhetorical language used in the research is a less formal style and used the personal voice, accepted qualitative terms with limited definitions. The methodological process under interpretivism is an inductive study and a study of mutual simultaneous shaping factors with an emerging design. Categories identified during the process, and the research context was bound while patterns and theories developed for understanding. The findings are deemed accurate and reliable through verification.

The interpretivist philosophical goal is in-depth and full of the richness of insights into the phenomenon (Collis & Hussey, 2005). The ontological assumptions of the impact of different strategies in the different environments are subjective and vary from participant to participant. Interpretivism, therefore, is subject to various versions of reality as experienced by individual participants. Epistemological assumptions facilitate the interaction between the researcher and participants during the interviewing process. The researcher used a semi-structured questionnaire to guide the process of data collection. Additionally, and consistently, the conversational approach to interview, the language used during interviews while professional, was less formal. By the interpretivist research paradigm, the methodological assumption upheld the principle of inductive and studying of multiple identities.

Interpretivism focuses on the ways people make sense of the world by sharing experiences (Berger & Luckman, 1966; Watzlawick, 1984; Shotter, 1983). The ontological assumption under interpretivism is that reality is determined by people rather than by objectives and external factors (Easterby-Smith *et al*., 2012). The researcher, therefore, shouldn't devote himself to the gathering of facts and measuring how often certain patterns occurred, but appreciate the different constructions and meanings people place upon their experiences. The philosophical underpinning is that social life is paradoxical and indeterminate; therefore, social reality is a creation of people through discourse and language (Cooper & Burrell, 1988; Cunliffe, 2001). The interpretive research philosophy, therefore, argues that there is no truth, but different versions of truth and the researcher, therefore, have to establish different versions of truth through qualitative research. Interpretivist appreciate diverse experiences that people have instead of searching for external causes and fundamental laws that explain behaviour (Easterby-Smith *et al*., 2012). The philosophy argues that human actions arise from the sense that people make different situations rather than a response to external stimuli.

Positivism and interpretivism provide two opposing philosophical foundations as guided by ontological, epistemological, anxiological, rhetorical and methodological assumptions.

Table 3.1 below provides a comparison between the nature of Positivism and Interpretivism.

Table 3.1: Nature of positivism and interpretivism

	Positivism	Interpretivism
Observer	Must be independent	**Is part of what is being observed**
Human Interests	Should be irrelevant	**Are the main drivers of science**
Explanations	Must demonstrate causality	**Aim to increase general understanding of the situation**
Research progresses through	Hypotheses and deductions	**Gathering rich data from which ideas are induced**
Concepts	Need to be defined so that they can be measured	**Should incorporate stakeholder perspectives**
Unit of analysis	Should be reduced to simplest terms	**May include complexity of whole situations**
Generalisation through	Statistical probability	**Theoretical abstraction**
Sampling requires	**Large numbers selected randomly**	**Small numbers of cases chosen for specific reasons**

Source: Easterby-Smith et al.., 2012.

The researcher used interpretivism research philosophy for guiding the second phase of the research. Interpretive philosophical foundation guided the study; the existence of subjective reality, researcher being part of the study, and human interests being the main drivers of science. Explanations used for increasing understanding of the situation, research process undertaken by gathering rich data for induction, concepts used for incorporation of stakeholders perspectives, unit of analysis to include the complexity of whole situations, generalization through theoretical abstraction and sampling of use rich cases. The methodological assumptions for the second phase of the study were qualitative.
For this study, in particular, the second phase of the study was guided by interpretivist philosophy.

3.1.1.3 Pragmatism

Johnstone (2004:260) argues that despite diverse views, the programmatic school of thought holds that a false dichotomy exists between qualitative and quantitative approaches and that researcher need to make efficient use of both approaches in understanding the social phenomena. The process of placing the qualitative and quantitative in opposing ends distracts researchers from benefiting from the contribution of both approaches (Creswell, 1994; Patton, 1988; and Wolcott, 2009).

Pragmatism does not commit to one system of philosophy and reality but applies positivist and interpretivist assumptions (Mingers, 2001; Newman, 2008; Creswell, 2003; Cherryholmes, 1992), introducing a nuanced version of realist ontology (Zachariadis., Scott., & Barret, 2013). The individual researcher has the freedom to choose the techniques, methods, and procedures to meet the needs and purposes of the research (Creswell, 2003; Mingers, 2001; Mingers; 2004). As opposed to positivism and interpretivism, pragmatism does not view the world as an absolute unity but rather advocates for the use of mixed methods for collection and analysis of data (Mingers, 2000). Pragmatism believes that truth is what works at the time but based on the strict duality between mind and reality that is completely independent of the mind (Creswell, 2003:12). The research philosophy looks at what and how to research based on its intended consequences (Creswell, 2003). The philosophical foundation, therefore, justifies the reason for mixed method research designs. Pragmatism also agrees that research occurs in different contexts; political, social, historical and scientific therefore mixed methods are appropriate for inquiry. Pragmatism believes that research should not focus on determination of reality and laws of nature (Cherryhomles, 1992), therefore seeking to change the subject (Rorty, 1983) simply. Pragmatism opens doors to multiple methods, different worldviews, different assumptions, different approaches for data collection and analysis (Creswell, 2003). Pragmatism embraces different philosophical positions by taking a critical stance towards necessity and validity (Mingers, 2001: 248; Zachariadis *et al.*., 2013). The philosophy the social arrangement without following the extent of paradigm assumptions at face value and its attraction to a practice-based research domain that encompasses social sciences (Carlsson, 2003; Mingers, 2004 and Venkatesh, Brown & Bala (2013).

Malhorta (2004) argues that the formulation of a research problem should investigate upon conducting a thorough review of the secondary literature. Mixed methods research design was chosen on the basis of scientific belief and appropriateness of pragmatism philosophy. The study has both positivist and interpretivist research philosophical perspectives hence the research paradigm of

choice is pragmatism. Pragmatism ends with realist ontology recognizing social conditions incorporating the relativist thread which recognizes that social life by individuals (Ackroyd & Fleetwood, 2000; Smith, 2006).

The methodological assumptions for the study were both quantitative and qualitative. This study was particularly guided by pragmatism philosophical foundation the research paradigm borrowing both quantitative and qualitative methodologies.

3.1.1.4 My scientific belief

In accordance the terminology of Greek philosophers, this research study on *'phronesis'* rather than *'episteme'* (Flyvbjerg, 2001; Flyvberg, 2006). *'Episteme'* as used by Greek philosophers refers to scientific knowledge in the sense of the pursuit of truths while *'phronesis,'* an Aristotelian term referring to pragmatism. Pragmatism is content dependent, variable, based on practical rationality, leading not to concern with the generation of formal knowledge, covering law-like explanations at the same time building contextual, case-based knowledge (Clegg & Ross-Smith, 2003:86). Modern management scholars use both quantitative and qualitative management research (Huff, 2000; Starkey & Madan, 2001; Johnson *et al.*, 2003; Das, 2003; Balogun, Huff & Johnson, 2003; Romme, 2003; van Aken, 2005) together strategy as a practice (Johnson et al.., 2003; Chia, 2004; Whittington, 2004; Jarzabkowski, 2004; Jarzabkowski, 2005; Tashakkori & Teddlie, 2003; Downward & Mearman, 2007).

The research study based on pragmatism enshrined both deduction as well as induction. The philosophy facilitates the explanation of external reality as well as internal reality. The strategies employed external constructs have that were implemented by headquarters' managers and subsidiary managers with objective and subjective research orientations. The researcher intended to understand cross-border banking from the perspective of headquarters and subsidiary managers that construct meanings externally as well as internally. There were two perspectives of headquarters and subsidiary managers' objective and subjective reality. In contrast to deductive and inductive strategies, the pragmatic approach allowed the researcher to confront ambiguous and messy managerial reality confronted by multinational firms. Pragmatism enabled the researcher to provide descriptions as well as explanations from both quantitative and qualitative perspectives. Events located in the empirical domain; underlying structure, generative mechanisms empirically investigated (Bhaskar, 1975). The study used the retroductive approach that based on realism capturing; empirical, actual and real (Birnik, 2007). The structural version of realism and the essence lies in the movement at any one level of knowledge of manifest phenomena to

knowledge structures that generate them (Bhaskar, 1979). The process started from observation of the phenomenon before uncovering the underlying generative mechanisms (Birnik, 2007). The first stage of the inquiry involved theorization around mechanisms without deeper explanations and prediction (Davis & Marquis, 2005); data-driven process (Langley, 1999) and subsequently used creativity and imagination of the construction of a hypothetical framework for explaining the phenomena.

The researcher sought to prove the existence of cross-border framework and making it possible modifications to the framework. Blaikie (2000) argued that the creative process is required because mechanisms and structures not directly observed in the real domain. The retroductive research strategy was appropriate as the mechanism and context can remain dormant, modified or canceled which was a competing mechanism (Tsouka, 1989; Blaikie, 2000; Smith, 2006; Smith *et al., 2012*).

The researcher's scientific belief in the investigation of cross-border banking for competitiveness by the Kenya Commercial Bank was guided by ontological, epistemological, axiological, rhetorical and methodological assumptions. The process for the development of an appropriate cross-border framework for enhancement of competitiveness of the Kenya Commercial Bank required a dualistic approach in the research inquiry.

3.1.1.4.1 Ontological assumptions

The reality of how cross-border banking for competitiveness employed by the Kenya Commercial Bank had two perspectives that is objective and subjective. Standard, established strategies, processes and procedures employed have an objective reality that was investigated by the use of the quantitative study while the processes and how the managers across the subsidiaries interpreted the process was subjective. This needed to be investigated by the use of a qualitative study. The managers across subsidiary branches had diverse realities as a result of different operational environments and socialisation processes.

3.1.1.4.2 Epistemological assumptions

The assumptions that constituted valid knowledge under cross-border banking for competitiveness were independent as well as interactive. The researcher administered questionnaires to obtain the objective reality as well as interact with participants by undertaking interviews to understand how the managers in

different subsidiaries made sense of the established strategies and processes in relation to the diverse environments.

3.1.1.4.3 Axiological assumptions

The role of values in the research because of the ontological assumptions was be both values free and unbiased together with some streams of research that highlight that the researcher was be value-laden and biases being present. The quantitative part of the study was not affected by the researchers' values but the qualitative part of the study because of the orientation of the researcher with a Master's degree in International Management and exposure to cross-border ventures highlight value-laden orientation. There researcher undertook due care during the time for undertaking the research study.

3.1.1.4.4 Rhetorical assumptions

The language that used in the report is both formal covering the positivist ontological orientation as well as the informal style covering the interpretivism ontological orientation. The formal style and passive voice, together with accepted quantitative words and set definitions are used. The informal style and personal voice and accepted qualitative terminology are used.

3.1.1.4.5 Methodological assumptions

The process of undertaking research was retroductive which means it was both the deductive and inductive approaches. The deductive part of the study looked at cause and effect with a statistical design. The research was context-free and generalizations to prediction, explanation, and understanding of accurate and reliable results through validity and reliability. The inductive part of the study simultaneous shaped the emerging cross-border strategies and, processes. The research also had context bound patterns and theories were developed for the understanding of the cross-border dynamics by the Kenya Commercial Bank.

The pragmatist philosophy believes in the construction of own knowledge but at the same time accepts the existence of independent, objective knowledge (Easterby-Smith *et al.*, 2012). The researcher, therefore, used multiple perspectives by mixing quantitative and qualitative approaches. Easterby-Smith *et al.,* (2012) and Kolb (1984) argue that learning takes place in a continual

movement from concrete experience to reflective observation, to reflective observation, to abstract conceptualization, to active experimentation and back to concrete experience. The dynamic environment in the different cross-border venture for the Kenya Commercial Bank required a continuous process of conceptualization, reflection observation, and learning of concrete experience of the managers of cross-border ventures. Conceptualization was quantitative while experience requires a qualitative approach to gaining experience from specific cases.

The researcher believed that the study which was in an organisational setting with both formal and informal structures required the dualistic inquiry positivist and interpretivist. Organisational theorists adopt pragmatism as organisations have features of irreconcilable dualisms which are positivism and interpretivism (Brandi & Elkjaer, 2008). Pragmatism was a valuable perspective in management research because it focused on processes that are relevant to studies of knowledge and learning, and its impact on methods in the tradition and methods of grounded theory (Easterby-Smith *et al.*., 2012; Smith, 2006). Giddens (1984) in his theory of organisation structuration argued that organisational structures were created and recreated through social process despite the rigid nature, therefore, require dualistic perspectives. The study was in an organisational setting with both structures that have formal and informal elements, therefore, to make meaning from rigid and flexible mechanisms pluralistic approach was more appropriate. The cross-border framework for competitiveness undertook an inquiry on the organisation by the Kenya Commercial Bank (KCB) which had dualistic features of structures established through a social construction required quantitative and qualitative approaches for gaining an understanding. In-depth understanding of processes and mechanisms employed by different subsidiary managers operating in different business environments required qualitative inquiry. Theories of cross-border ventures provided for a rigid quantitative approach for undertaking the investigation.

3.1.1.5 Selection of the Research Philosophy

The Cross-border framework for competitiveness by Kenya Commercial Bank involved the confirmation of theory on international business and understanding of different perspectives of the headquarters and subsidiary managers. Ideas established for the framework of designing a research study suggests four measures: epistemology; theoretical perspective; methodology and techniques for investigation (Crotty, 1998; Smith, 2006). The inquiry based on the assumption that knowledge claims arise out of actions, situations and consequences rather than antecedents (Cherryholmes, 1992; Rorty, 1990;

Murphy, 1990). Patton (1990) also argued that there is a concern with applications of what works and solutions to problems. The study underpinned by the importance of focusing attention on the research problem in social science, therefore, used a pluralistic approach to derive knowledge (Creswell, 2003). The problem which investigated required pragmatism research philosophy. Pragmatism opened the door to different worldviews, different assumptions, different methods of data collection and analysis (Creswell, 2003). The inquiry had different worldviews positivism and interpretivism. The cross-border framework has two perspectives subsidiaries' cross-border managers and headquarters.

The pragmatist research paradigm used for undertaking the study; the knowledge claims resulted from actions, situations, and consequences as opposed to antecedents (Creswell, 2003; Cherryholmes, 1992; Rorty, 1990; Patton, 1990). The pragmatic philosophical underpinning mixed methods approach of inquiry. Focusing on the research problem in social science research and utilizing pluralistic approaches for the derivation of knowledge to solve the research problem (Tashakkori & Teddlie, 1998; Patton, 1990). Pragmatism opened the door for the researcher to different assumptions, different worldviews, and multiple methods and therefore provided for different approaches to collection and analysis of data (Creswell, 2003: 12). The research paradigm provides a basis for knowledge claims that provide a basis for the different knowledge claims; non-commitments to one system of philosophy, freedom of choice by a researcher, truth works at a time, the existence of different contexts and non-indulgence in questioning reality. Pragmatism is not committed to one particular system of philosophy and reality. The study, therefore, used liberal approaches quantitative and qualitative approaches as a basis of inquiry. This paradigm allowed the individual researcher the freedom to choose the most appropriate of methods, procedures, and techniques for undertaking the inquiry based on needs and purposes of the study.

Pragmatism was a more responsive and dynamic mode of inquiry (Morse, Barret, Mayan, Olson & Spiers, 2002; Myers, 1997; Zachariadis *et al..,* 2013; Smith, 2006). The cross-border framework for competitiveness required the utilisation of a thorough and more rigorous paradigm that adequately dealt with more responsive and dynamic phenomena. Pragmatism was suitable as the study investigated the phenomena of a framework for cross-border strategies for competitiveness by the Kenya Commercial Bank in line with the research questions and the formulated hypotheses. Since pragmatists do not look at the world as an absolute uniform entity, therefore the mixed methods approach for collecting and analysis of data was used. The research paradigm argues that truth works at the time (Creswell, 2003; Smith, 2006). Pragmatists truth is based

on dualism between independent mind and reality. The paradigm, therefore, used mixed methods approach to understand the research problem (Creswell, 2003; Teddlie & Tashakkori, 1998; Teddlie & Tashakkori, 2009).

The researcher established the purpose of mixing the methods; qualitative and quantitative. The examination of the cross-border framework for competitiveness required a mixed approach to the situation, experiences and realities varied from the diverse respondents. Mixed methods provided a more appropriate rationale for critical examination of a contemporary phenomenon of cross-border dynamics in a diverse setting. The pragmatist research paradigm according to Creswell (2003), appreciates that research occurs in a social, political, historical and diverse context thus required mixed methods of inquiry. Mixed methods provided a mechanism for a post-modern, theoretical lens which was reflexive of social and political dynamics.

Venkatesh; Brown, and Bala (2013:22) argued that the use of multiple research paradigms in conducting research inquiry facilitate the establishment of plausible theoretical answers to research questions, but the researcher must be in a position to overcome cognitive and practical barriers associated with mixed methods research. Appelbaum and Patton (2003) also argue that social science research studies start with a theory based on a review of the literature, but the theory validated through a study of a specific objective, phenomena, and social problem. The use of different methods free the researcher from diverse shackles of strict procedure, improve critical thinking, therefore, increases the chance of generating a novel theory (Eisenhardt, 1989).

Pragmatism was the research philosophy that was adopted by the researcher for conducting the entire study. Pragmatism combined positivist and interpretivist research philosophies. Positivism guided the first phase of the research study and interpretivism guided the second phase of the study. The problem under investigation required pragmatisms research philosophy to acquire knowledge from different worldviews, different assumptions, methods of data collection and analysis. Cross-border banking for competitiveness has two world perspectives positivist and interpretivist philosophical perspectives. Pragmatism philosophical foundations guided the entire study.

This research study was concerned with cross-border strategies by the Multinational bank to gain competitive advantage. My main intention was to understand the cross-border dynamics in the different cross-border subsidiaries. The study systematically integrated objectivist stance of positivism with interpretivism. My study, therefore, adopted retroductive research strategy based on positivism but subsequently supported by classic interpretivism. The research

study relied on the appropriateness of the retroductive strategy. Proponents of the different perspectives may provide criticism to the chosen approach, but my utter belief is that retroductive approach offers more advantages as opposed to the other approaches. Retroductive approach as opposed inductive and deductive allowed the researcher to confront the dynamic, ambiguous and messy managerial realities in cross-border banking. The approach allowed the researcher to provide explanations with rich descriptions and accounts of the social perspectives of actors in cross-border banking.

3.1.1.5 Possible critique of the philosophical standpoints

My choice of abductive strategy involved logical inference from observation to a theory which accounts for the observation, ideally seeking to find the simplest and most likely explanation.

The research approach is the path of conscious scientific reasoning (Pierce, 1931) adopted by the researcher while conducting the study. There are two traditional approaches based on positivist and interpretivist philosophical foundations; inductive and deductive research approaches (Kirkesby, 1990; Hyde, 2000). However, Kovács and Spens (2005) distinguished between the different research approaches; deduction, induction, and abduction approach. Inductive researchers believe theory development process that starts with observations of specific instances and seeks to establish generalizations about the phenomenon under investigation (Spens & Kovács, 2006).

The choice of this approach is subject to criticism from scholars from alternative research paradigms and research designs. The researcher appreciates the fact that research evaluated by specific ontological and epistemological assumptions within a given research strategy. However, highlights of possible critiques could facilitate evaluation of the chosen philosophy. The deductive and inductivists would find my approach wanting therefore subject it to criticism. Whereas the chosen approach is retroductive the starting point of my approach from the positivist philosophical foundation wou;d be objected by retroductivists starting fro interpretivism therefore facing critiscism from fellow retroductivists. Possible critiques from the different perspectives deductivists, inductivists and fellow retoductivists of the chosen philosophy outlined below:

3.1.1.5.1 Deductive

Deductive positivism approach predominantly traditional approach in general (Kirkeby, 1990) in traditional science field and also in logistics research (Arlbjørn and Halldo´rsson, 2002; Mentzer and Kahn, 1995; Na¨slund, 2002; Svensson, 2001). Deductive approach argumentation line of the hypothetico-deductive framework follows the path from a general law to a specific case (Andreewsky and Bourcier, 2000; Danermark, 2001; Kirkeby, 1990; Taylor et al.., 2002). The deductive approach starts with the scanning of a theory and presentation of logical conclusions that derived from this theory in the form of general laws presented as ex-ante hypotheses.

Deductive proponents would not appreciate my approach to ontological and epistemological assumptions. Deductive proponents would concur with my beginning part of the study that objective reality exists together with the one hypothesis that established. However, the proponents would disagree with the abductive focus of interaction with the respondents with a focus on interacting with the respondents to construct their realities. The deductivists wouldn't also appreciate the other part of the study that wasn't using research hypothesis. The deductivists would agree with the inductivists that the validity of the framework cannot scientifically establish and that the framework would thus assess on a judgmental basis. They would propose a remedy of development of hypotheses for the research study for „scientific" testing. Also, the deductivists would not appreciate the bottom-up approach, deep description and grounded approaches used in the second phase of the study. The deductivists would appreciate my earlier approach in the first phase of the study which resembles their viewpoints. Firstly, retroductive approach that used prior knowledge for informing the construction of a framework that accounted for the phenomenon of the study was somehow similar for setting up hypotheses of how the world works in the deductive approach. Second, deductivists would also agree with my focus on constantly comparing and alterations made between theory and data. My approach has similar features with the deductivist temporary nature of knowledge and how they seek to falsify and refute (Popper, 1959) an existing theory, by contradictions in the empirical evidence, as a means of advancing understanding further.

The deductive research process starts with a strong theoretical footing (Danermark, 2001; Hyde, 2000), it aims to test theoretical knowledge (Johnson, 1996), developed before empirical research (Kova´cs and Spens, 2005). The deductivists would not appreciate my endeavour to continue with induction to confirm my theoretical proposition.

3.1.1.5.2 Inductive

The inductive approach described as the mirror image of the deductive process (Johnson, 1996). Argumentation in the deductive process is movement from specific empirical case or collection of observations to theoretical proposition (Andreewsky and Bourcier, 2000; Taylor et al.., 2002), following the case – result – rule (Kirkeby, 1990; Danermark, 2001). The inductive approach, therefore, doesn't advocate knowledge of a general frame or theory (Andreewsky and Bourcier, 2000; Gioa and Pitre, 1990). Inductivist argument is that empirical observations about the world lead to emerging theories through logical argumentation (Danermark, 2001) within a theoretical frame.

The researcher believes that proponents of classic inductivism would be sympathetic to the „data-driven" (Langley, 1999) nature of my research process, with the objective of building theory from bottom-up. However, the proponents of inductive approach would have substantial ontological and epistemological concerns. The proponents of inductive approach would reject my constructivist view of social reality by ontological assumptions. Inductive scholars would critique the approach by epistemological assumptions by two epistemological assumptions. First, inductive scholars would not agree with abduction focus the mere fact that the first standpoint is they would not accept my focus on abduction and the fact that I take my starting point in accounts of how my respondents construct reality. The mere fact that the researcher is open to multiple realities at the end of the study doesn't absolve the researcher from criticism from classical inductivists. The classic inductivists are interested in coming closer to an absolute and objective reality. Secondly, classical inductivists would also be concerned with the involvement of two case studies together with the fact that the researcher not detached from or objective researcher. The inductivists would conclude that involvement of the researcher would contaminate 'objective truth.' the inductivists would also argue that validity of my framework of generative mechanisms cannot be established and therefore subject judgmental arguments as opposed to scientific evidence to assess the framework.

The inductivists would be critical of my approach as. Usually, empirical observations are the starting point of their research process (Andreewsky and Bourcier, 2000; Kirkeby, 1990; Taylor et al.., 2002). Furthermore, main induction objective is development, not testing, theory (Danermark, 2001; Johnson, 1996). My study started with the abstraction of concepts; international, transnational, global and multi-domestic, regulatory and socio-cultural environments. Inductivists' concepts and theories developed by the empirical study instead of before observations (Kova´cs and Spens, 2005).

3.1.1.5.3 Retroductive

As my research based on deductive realism, might be challenged by advocates of the structural version of realism. Such researchers would recognize and be sympathetic to my focus on the creation of reality from different generative mechanisms and framework building efforts. However, they would have an ontological concern with my constructivist perspective of social reality. While my starting point is exploration from an abductive stance, using respondents" own accounts of reality, they would instead insist on starting from the objectivist ontology of classic induction. Thus, while the approach would be largely the same, there are epistemological differences as to what would count as valid knowledge for determining generative mechanisms and constructing frameworks.

3.1.2.0 Mixed Methods Research Design

A research design is a blueprint or master plan that specifies the methods, techniques, and procedures used for collecting and analyzing the needed information or simply a framework or plan of action for research (Charmaz, 2003; Sibanda, 2011). Abowitz and Toole (2010:109) observe that research design involves a set of decisions regarding the topic of study about the study population, research methods and the purpose of the study. The research design is a systematic plan for selecting, rationalizing and organizing the procedures for the collection of data and handling evidence. Cooper and Schindler (2003) argue that the selection of an appropriate research design is critical for the achievement of research objectives and solutions of the research problem. A research design is a blueprint for fulfilling the research objectives and answering research questions (Cooper & Schindler, 2003). My research design was informed by objectives and research questions (Ghauri & Gronhaug, 2005). Research used of either quantitative or qualitative methods or a combination of both (Berg, 1989; Cooper & Schindler, 2003; Collis & Hussey, 2005; Ghauri & Gronhaug, 2005). Qualitative and quantitative methodologies are both very important, and none have an added advantage over the other (Ghauri & Gronhaug, 2003). The major critical factors are objectives, research questions, and hypotheses.

The researcher used mixed methods research design based on the pragmatic research paradigm. The cross-border framework for competitiveness by Kenya Commercial Bank (KCB) had dual research perspectives. Cross-border business, therefore, made the pragmatic research philosophy to be the most appropriate philosophy for investigation of dual phenomena of cross-border banking; quantitative and qualitative. The approach benefited by mixing the strengths of both quantitative and qualitative strengths and the reduced the limitations of

these perspectives. This approach facilitated the learning of the topic by combining strengths of quantitative and qualitative while compensating on the weaknesses of approaches (Creswell, 2008; Johnson & Onwuegbuzie, 2004:18). Stake (2005) argues that the purpose of gathering data using various methods and tools helps in providing additional validity to the views raised by other researchers. Data triangulation in this regard, involved utilisation of multiple sources of data (Ghauri & Gronhaug, 2003; Collis & Hussey, 2005) as well as using different research methods for the same study and the use of more than one researcher to investigate the same phenomenon for the study.

The process of data triangulation was helpful in the enhancement of reliability and validity (Creswell, 2008). Creswell and Clark (2007: 79-84) identify three main dimensions for mixing qualitative and quantitative methods; timing dimension, weighing dimension and mixing dimension. The timing dimension was the timing of the order of execution both the order of collecting and using data either deployment of concurrent or sequential. The weighing dimension was critical in the determination of the importance of data collection between quantitative and qualitative approaches. The mixing dimension involved undertaking the most appropriate mixing dimensions, the sequencing of data collection, embedded or connected to the study. Easterby-Smith *et al.,* (2012) argue that two criteria adhered to in the process of designing the mixed methods involve sequencing and dominance. Sequencing refers to the process of choice of the first method and dominance involves the selection of the method significantly used more time and resources.

The study was undertaken in three phases namely: the quantitative phase, qualitative phase and synthesis of the mixed method phase. The first section of this chapter embodied the quantitative approach. The second phase entailed using qualitative design methodology. The third section specifically deals with the synthesis of the mixed method findings. The study adopted a three-phased partially mixed sequential quantitative dominant research approach where quantitative data across the sampled cross-border branches of the Kenya Commercial Bank. The quantitative phase displayed a dominant role in so far as addressing the research questions was concerned (Leech & Onwuegbuzie, 2007). Since the study adopted a three-phased partially mixed sequential and dominant status research design, the results of the quantitative phase were subjected to a process of trustworthiness and member checking with highly placed participants in the organisation, in the third phase (Leech & Onwuegbuzie, 2007). While the quantitative phase was deployed to establish the relevance of the stated theoretical hypotheses, and verify the pre-conceived conceptual framework; the qualitative phase, on the other hand, for further investigation and verification (i.e., the establishment of the appropriateness of the framework for

cross-border ventures in East Africa. The quantitative approach is suitable for testing the stated theories and concepts, causality, and testing the hypotheses of the study. The theoretical and empirical literature in this regard highlights that cross-border strategies namely global, transnational, multi-domestic, and international were responsible for competitiveness. The literature further suggested that political and socio-cultural environments influenced the strategies and competitiveness across different locations.

Qualitative inquiry was used for the verification of the quantitative findings and facilitated in gaining more insight on the phenomena of cross-border banking for competitiveness by the Kenya Commercial Bank. The use of qualitative data for enrichment of the information gathered using the quantitative approach (Tashakkori & Creswell, 2008:5); member checking process during this phase of the study. The idea was to establish what exists in the minds of the people regarding their views on the derived cross-border framework and whether they perceive it as a reasonable reflection of reality in the Kenya Commercial Bank or not (Strauss & Corbin, 1998).

The qualitative inquiry was flexible and appropriate for the investigation of processes and meanings of actions of the managers in cross-border banking. The study was in a position to unearth hidden meanings of actions of the cross-border managers and responses that could not by a quantitative study (Creswell, 2008).

The quantitative method was appropriate for statistically testing the conceptual framework developed from literature while the qualitative phase became relevant for the confirmation of the quantitative findings, unearthing of unique aspects of the Kenya Commercial Bank and establishing the relevance of an appropriate framework for the KCB. The phenomenon under investigation had both the positivist and interpretive paradigm features thus warranting the use of a mixed method dimension. What a systematic investigation of the phenomena sequentially beginning with quantitative and finally qualitative approach was fitting for the study. The quantitative phase used descriptive and inferential statistics as well as factor analysis while the qualitative phase complemented the quantitative phase in terms depth and thick description through interviews. An appropriate research methodology normally guides the research process and methods, focusing on the research process, research instruments and procedures used (Dawson, 2006; Mouton, 2001).

Different scholars have also argued in favor of mixed methods regarding increase confidentiality and credibility, validity, stimulation of creative thinking. Inventive methods uncover deviant dimensions; facilitate synthesis and

integration of theories. These may serve as a test of conflicting theories, combine confirmatory and exploratory research at the same time, present great diversity of views and provide stronger inferences (Jick, 1979; Tashakkori & Teddlie, 2003; Bryman & Bell, 2007; Easterby-Smith *et al.,* 2012).

The researcher used a mixed research design for conducting the study. Mixed methods based on a pragmatic research philosophy is appropriate for verification of the underlying factor structure of the conceptual framework. The study also intended to quantitatively test the hypotheses and conceptual frameworks developed earlier and thereafter conduct a qualitative, in-depth explorative study to get the context and meaning of the dynamics of cross-border operations by Kenya Commercial Bank. The researcher used mixed methods sequential explanatory design with two distinct phases; quantitative followed by qualitative (Creswell & Plano Clark, 2003). The research study was in line with the pragmatist research paradigm which had been selected by the researcher as the only philosophy associated with mixed methods and substantial history. The Pragmatism research paradigm favors the utilisation of mixed methods that facilitate on drawing the strengths of both quantitative and qualitative. The quantitative design brings the strength of the conceptualization of variables, the population of dimensions, tracing of trends and relationships, formalizing comparisons and using large and representative samples (Creswell, 2008). The qualitative design, on the other hand, is strong in unearthing meaning and context, local groundedness, in-depthness in the study of small samples and great methodological flexibility (Tashakkori & Teddlie, 2003; Teddlie & Tashakkori, 1998; Teddlie & Tashakkori, 2009; Creswell, 2008; Easterby-Smith *et al.,* 2012).

The researcher first collected and analysed quantitative data. Qualitative data was later collected and analysed in the sequence to help in explanation and elaboration of quantitative data collected in the first phase. The second qualitative phase built on the first quantitative phase and the two phases in the intermediate stage in the study. The researcher utilized this approach on the basis that quantitative data and subsequent analysis provided a general understanding of the research problem. On the one hand, the quantitative methodology facilitated standardized objective comparison, measurements and descriptions of phenomena in a systematic manner (Creswell, 2008). While on the other hand, the qualitative data and analysis refined and explained statistical results by exploring participants' views in more depth (Rossman & Wilson, 1985; Tashakkori & Teddlie, 1998; Teddlie & Tashakkori, 1998; Creswell, 2004).

Understanding of cross-border strategies in the different environments is critical in the process of development of the framework. The process of data analysis in

quantitative studies facilitated systematic understanding of phenomena and brought objectivity to the research other than relying on qualitative results. However, qualitative data analysis facilitated an in-depth understanding of phenomena. The qualitative approach was paramount for an understanding of contexts, meanings, and in-depth studying of rich cases involved in dealing with cross-border dynamics.

3.1.2.1 Strengths of the selected research design

The study used mixed research design for data collection and analysis. The research study used quantitative and qualitative methods. However, the different methods had strengths and weaknesses; utilisation of both approaches mitigated the weaknesses and exploited the strengths of the quantitative and qualitative research designs. The researcher investigated the strengths of both approaches to appreciate benefits of the selected research design. This section provides the strengths and weaknesses of quantitative, qualitative and mixed methods.

3.1.2.1.1 Strengths and weaknesses of quantitative method

The quantitative method the investigator primarily uses positivist claims of knowledge such as for cause and effect thinking, reduction to specific variables and hypotheses, questions, use of measurement and observation and testing of theories (Creswell, 2008:18; Easterby-Smith *et al.,* 2012; Teddlie & Tashakkori, 1998). The quantitative approach brought the strength of conceptualization of variables, profiling dimensions, tracing of trends and relationships, formalization and comparison, use of large and much representative data. The first part of the study which was quantitative provided a wide coverage of situations, fast and economic and particularly as the statistics were aggregated from large samples (Tashakkori & Teddlie, 2003; Easterby-Smith *et al.*., 2012; Teddlie & Tashakkori, 1998; Teddlie & Tashakkori, 2009).

However, the quantitative method was inflexible and artificial; therefore, not effective in making the understanding of processes or significance that people attach to actions which were not helpful in the generation of theories that were difficult to make inference on which change has taken place due to dynamics (Creswell, 2008; Easterby-Smith *et al.,* 2012; Almalki, 2016). The process of the development of an appropriate framework for cross-border competitiveness wouldn’t investigate without undertaking the qualitative approach adding value to its outcome.

3.1.2.1.2 Strengths and weaknesses of qualitative method

The qualitative method the inquirer made knowledge claims primarily of interpretive nature such as the multiple meanings of individual experiences, meanings socially and historically constructed, with the intent of developing a theory or pattern (Creswell, 2008:18; Teddlie & Tashakkori, 2009). Qualitative inquiry brought the strength of sensitivity to meaning and context, in-depth study of smaller samples, and great methodological flexibility, therefore, enhanced the ability to study processes and change. The qualitative approach was flexible with great ability to understand change processes over time in different places, together with adjustment to new issues and provision of the evolution of theories. This phase of the study was paramount in unearthing dynamics, process, the emergence of strategies and process across the different subsidiaries.

The second phase of the study used a qualitative approach. Therefore, the study was in a position to undertake an in-depth study of the small samples to acquire meanings for the cross-border banking. Qualitative phase of the study was appropriate for the study as it facilitated the process of confirming the hypotheses and answering questions that had by the quantitative phase of the study. The development of an appropriate framework for cross-border competitiveness by the Kenya Commercial Bank benefited from the utilisation of the qualitative approach. The methodology flexibility together with its ability to gain the insight on processes over-time and adjustment to new issues was valuable. Qualitative research methodology facilitates development of an appropriate quantitatively derived framework as it best for studying the evolution of theory.

However, the weakness of the qualitative study was that qualitative data collection took much time and resources, analysis and interpretation of data were difficult and took the tacit and intimate knowledge of the researcher (Teddlie & Tashakkori, 2009; Easterby-Smith *et al..,* 2012). The qualitative study was not easy to control the pace, progress, and end-points and usually relied on a small sample to make conclusions and compensated by the first part of the inquiry which was quantitative. Methodologies quantitative and qualitative phases of the study had inherent strengths and weaknesses despite emergence from the different philosophical foundations. Despite the underlying philosophies in the research design but appropriate understanding of the weaknesses in the approaches critical in the synthesis of the mixed research findings.

3.1.2.1.3 Strengths and weaknesses of mixed methods

The mixed method approach design is based knowledge claims on pragmatic philosophy, which was consequence oriented, problem-centered and pluralistic (Creswell, 2008:18). The mixed methodology employed a sequential approach in the collection of data; quantitative and subsequently qualitative. A mixed methodology was instrumental in unearthing the cross-border dynamics and sufficiently addressed the research problem. The approach facilitated the learning of the topic by combining the strengths of quantitative and qualitative while compensating the weaknesses of approaches (Creswell, 2008; Johnson & Onwuegbuzie, 2004:18).

The mixed methods approach enabled the study to benefit from the strength of conceptualization of variables, profilation of dimensions, understanding of relationships, comparisons together with the use of large data. The same approach enabled the researcher to unearth meanings and contexts, undertake in-depth studies of small samples, with great flexibility. Standardised measurements that provided by the quantitative part of the study was critical for comparison, measurements, and description of phenomena in a systematic manner the unique characteristics of cross-border strategy. The quantitative approach was systematic and therefore facilitated a systematic inquiry of the cross-border phenomenon. Quantitative phase of the study brought objectivity which was critical in understanding the unique attributes of the different strategies. The quantitative part of the study was instrumental in the profilation of the different strategies employed by Kenya commercial bank together with effectiveness in the attainment of competitive advantage. The quantitative study was appropriate for correlating processes and conceptualization of the study. Mixed methods provided a compromise position between qualitative and quantitative approaches and therefore accepting the value of using multiple perspectives and sources of data (Teddlie & Tashakkori, 1998; Teddlie & Tashakkori, 2009; Easterby-Smith *et al..,* 2012; Almalki, 2016).

The qualitative research methodology was also critical for the understanding of cross-border strategies in the different East African dynamic environments. The second phase of the study which was qualitative approach was paramount for an understanding of the different contexts, meanings, and in-depth studying of rich cases involved in dealing with cross-border dynamics. Deep description and grounded theory supplemented on the quantitative findings and critiquing the theory developed from the quantitative part of the study. Qualitative phase was therefore critical in justification of the facts during the first phase of the study, gaining more insight on the phenomena and validation of theoretical propositions earlier established.

However, the weakness and limitation of mixed methods was a requirement of large samples, and the use of credibility made is costlier for undertaking the study. The researcher found it challenging to deal with diverse cultural and institutional orientations with the intervals of the studies. Some scholars argue that quantitative and qualitative approaches have irreconcilable philosophical assumptions (Jick, 1979; Tashakkori & Teddlie, 2003; Bryman & Bell, 2007; Creswell, 2008); it may be hard to reconcile discrepant sources of data that point to different conclusions (Smith, 2006; Teddlie & Tashakkori, 2009; Easterby-Smith *et al.*., 2012).

Synthesis of the quantitative and qualitative data collection and analysis facilitated appropriate generation of knowledge. The quantitative data was collected first analysed and interpretations generated and subsequently followed by analysis of qualitative data and knowledge generated. The synthesis basically involved comparison of quantitative data and critical knowledge was generated in the study.

Table 3.2 below provides a summary of strengths and weaknesses of different approaches of conducting research as per the Easterbu-Smith *et al.,* (2012).

Table 3.2: Summary of Strengths and weaknesses of different approaches

METHODOLOGY	STRENGTHS	WEAKNESSES
Quantitative	Provide wide coverage Potentially fast and economical Easier to justify policies	Inflexible and artificial Not appropriate for processes, meaning or theory generation Implication for action not obvious
Qualitative	Good for processes and meaning Flexible and good for	Can be very time consuming Analysis and interpretations

	theory generation	are difficult May not be credible with policy makers
Mixed Methods	Accepts value from multiple data sources Enables generalization beyond present sample Greater efficiency including outsourcing potential	Access can be difficult Cannot accommodate institutional and cultural differences Problems reconciling discrepant information

Source: Easterby-Smith (2012:28)

The researcher used mixed methods to maximize the benefits of both quantitative and qualitative. Quantitative and qualitative data were collected and analysed by use of both quantitative and qualitative data analyses respectively. The choice of the research design based on the pragmatic research philosophy was critical for unearthing the messy and dynamic phenomena of cross-border strategies for competitiveness. This research designs instrumental for verification of the underlying factor structure of the conceptual framework and appropriate for drawing strengths of both quantitative and qualitative methodologies.

SECTION 1: QUANTITATIVE

This section is intended to explain the quantitative phase of this study. It also aimed at providing for the processes and mechanisms that were used by the researcher for the quantitative part of the research study. The researcher adopted sequential mixed methods approach that begun with quantitative and finally a qualitative method. The first phase of the study undertakes to provide the processes and mechanisms that were used by the researcher in conducting the quantitative aspect of the study. This section specifically provides the research design, study population, sampling, data collection techniques and analysis together with the interpretation of quantitative data.

3.2.1 Research design: Quantitative

The study's research design outlines the basic approach for answering the research question (Polit & Becks; 2010). In order to adequately address the research problem, the design aimed at meeting the aims and objectives of the study (Parahoo, 2006). The cross-sectional survey research design was used for undertaking the investigation of the cross-border framework for competitiveness by the Kenya Commercial Bank. Positivism research philosophy guided the choice the research design (Easterby-Smith *et al.*, 2012). Survey designs used cross-sections with large samples enabling measurement of multiple factors and examination underlying relationship. The cross-sectional survey collects data to make inferences about a population of interest at one point in time (Rindfleisch, Malter, Ganesan, & Moorman, 2008). The design was based on the positivist research philosophy which facilitated the collection of quantitative data. Positivism believes that reality is stable and has to be observed and described from an objective point of view (Levin, 1988).

The conceptualisation of the cross-border framework for competitiveness; international, global, multi-domestic and transnational strategies enhance competitiveness by Kenya Commercial Bank. Socio-cultural and political environments influenced strategies and competitiveness. The hypotheses and research questions were propositioned for examination of cross-border competitiveness by the Kenya Commercial Bank. The cross-sectional survey research design with a positivist paradigm had quantitative characteristics. Quantitative methods of data collection and analysis were employed investigation of cross-border banking and competitiveness by KCB.

Parahoo (2006) argues that the quantitative approach arises from the belief that human phenomena and variables in human behaviour can be studied objectively.

The hypotheses that were established in relation to the cultural and political environments required a quantitative design. The general framework for a quantitative study design sought to confirm hypotheses about a phenomenon (McEvoy & Richards, 2006). Quantitative research used a fixed design that organised in advance the research question and detailed methods of data collection and analysis (Robson, 2007). The proposed instruments used a more rigid style of eliciting and categorising responses to questions and used highly structured methods such as questionnaires, and surveys.

Probability sampling techniques were used for collection of data while quantitative data was analysed by use of Excel and SPSS. Sayer (2010) recognised that quantitative methods have a place when used with respect to a framework; particularly though, they should be used for deepening meaning rather than uncover regularity (McEvoy & Richards, 2006).

The researcher used cross-sectional survey research design for the quantitative phase of the study. This facilitated the process of appropriate profiling of the dimensions of cross-border banking; international, global, multi-domestic and transnational strategies. Probability random sampling techniques; cluster, stratified, and simple random sampling was used for selection of respondents. A quantitative study was undertaken by administration of self-administered questionnaires to the employees, customers, regulators, and agents of Kenya Commercial bank.

3.2.2 Unit of analysis, study population, sampling and sampling strategy

This section provides the unit of analysis, study population, sampling and the sampling strategy.

3.2.2.1 Unit of Analysis

Dolma (2010:169) defines a unit of analysis as “the entity that is being analysed in scientific research.” It is the entity that forms the basis of any sample; countries, cultures races, industrial sectors, organisations, departments, families, groups, individuals, incidents, stories, accidents, innovations (Easterby-Smith *et al.,* 2012). McGloin (2008:45) on the basis of work undertaken, Bryar (2000), Vallis and Tieney (2000) and Hewitt-Taylor (2002) shows a unit of analysis as a person, family, ward, organisation that provides the researcher the opportunity for study. Dolma (2010:169) asserted that in managerial sciences and organisational behaviour the unit of analysis entails top managers; middle

managers; board members; employees; supervisors; work teams; business corporations and those persons that directly or indirectly contribute towards the organisation's success.

With regard to the cross-border framework for competitiveness by Kenya Commercial Bank, the unit of analysis was Kenya Commercial Bank headquarters and cross-border subsidiaries. Diefenbach (2008:879) observes that the selection of the unit of investigation needs to provide assurance that the site together with a unit of analysis is suitable for investigation of the research problem and purpose of the study. Furthermore, Taylor, Koper, and Woods (2011:303) argue that the unit of analysis is paramount for data collection and its measurement in case studies as a standard of the burden of persuasion are clear and convincing.

The unit of analysis for this study, therefore, was Kenya Commercial Bank cross-border branches together with headquarters. The unit of analysis therefore involved assessment of managers, employees, customers, agents, and regulators at the parent and subsidiary branches of Kenya Commercial bank. The researcher therefore derived the study population and sample from the parent headquarters and the subsidiaries of Kenya Commercial bank. These provided an appropriate unit of analysis for studying the phenomena of a cross-border framework for competitiveness by Kenya Commercial Bank.

3.2.2.2 Study population

A population is a total collection of elements that are used for making inferences (Cooper & Schindler, 2003). Parahoo (2006:258) defined a population as "the total number of units from which data can potentially be collected. The study population was delimited to a homogenous group of subjects through inclusion and exclusion criteria. The study population for the framework for cross-border competitiveness for Kenya Commercial bank was constituted by employees, and agents undertaking cross-border banking. The study population, therefore, was a total of 522 respondents broken down to a study population: 307 employees; and 215 agents that were involved in cross-border banking.

See Table 3.3 in this regard.

Table 3.3: Study Population

	Category	KCB Total	KCB Home	Cross-border Banking	Study Population
1.	Employees	6,500	6,193	307	307
2.	Agents	8,100	7,885	215	215
3.	**Total**	**14,600**	**14,078**	**522**	**522**

The critical respondents for the study were only agents and employees whoc understand dynamics of cross-border banking therefore study population narrowed down (with agreement with School of Business Leadership) to total 522: 307 employees and 215 agents.

3.2.2.3 Quantitative Sampling Techniques

Sampling is the process employed by researchers to select a proportion from the study population to represent the entire unit of the study. Proctor, Allan, and Lacey (2010) argued that the use of probability sampling in quantitative research reduces errors and biases in the study. Polit and Becks (2010) further argued that it is more economical and practical for the researcher to undertake quantitative studies by use of samples. The researcher administered questionnaires to the sample of the respondents from the study population through a proportional probability random sampling technique.

Abowitz and Toole (2010:109), contend that a good scientific study involved probability sampling like random sampling as a means of minimising chances of bias while undertaking studies. Schrreuder, Wasiams, and Reich (1999:281) define probability sampling one for which every unit in a finite population has a positive probability of selection not necessarily equal to that unit. Quantitative data collection methods used probability sampling techniques for arriving at the appropriate sample for the study.

3.2.2.3.1 Cluster sampling

The sampling technique involved dividing the study population into clusters for effective selection of the different units in the sample. Easterby-Smith *et al.* (2012) advised researchers to use cluster sampling in situations where the populations are spread across different areas. The population of the cross-border venture by Kenya Commercial Bank was distributed across the East African Countries in Uganda, Tanzania, Rwanda, Burundi, and Southern Sudan. The cluster sampling technique was being employed by the researcher to capture the diversity of the study's population. The countries where currently Kenya

Commercial Bank is operating formed the different clusters that had different attributes of the population being studied. The researcher used stratified and simple random sampling for a sampling of agents, corporate customers, and employees in accordance with their respective proportions.
The researcher used cluster sampling to sample subsidiaries of Uganda, Rwanda, and Burundi for the administration of questionnaires.

3.2.2.3.2 Stratified random sampling

The researcher subsequently used stratified random sampling as means of further capturing the unique attributes of the study population. The study of cross-border strategies for competitiveness by the Kenya Commercial Bank involved understandings the perception of the different stakeholders of cross-border banking by Kenya Commercial Bank. A major drawback with simple random sampling is that it can mean that small but important part of the population is missed out together or sampled that the researchers can't make confident statements about them. The different unique attributes of the study population can be captured without ignoring the unique attributes of the stratified random sampling technique. This facilitated the selection of an appropriate sample. The selected sample had to be informative about the survey minority as well as the majority that could easily have dominated the sample (Easterby-Smith *et al.,* 2012). The researcher divided the population into homogenous groups (strata); and the researcher then undertook simple random sampling within the different strata namely: employees and agents. This facilitated selection of proportional sample representative of the study population thus eliminating the disadvantage of the rare groups within the population that would not be represented. Stratified random sampling enabled generation of a larger sample size that was constituted by the subjects that constitute the large study population and vice versa. See ***Table 3.4:*** (The proportional sample size for the study) in this regard.

The researcher used stratified sampling for dividing the study population into employees, and agents to capture the different population characteristics of the study population. The researcher was also dividing the strata proportionally to provide representative data. The proportions were developed in accordance with the study population; 59% employees, and 41% agents of the sample. Stratification of the study population and sample size was critical in enhancing the accuracy of the findings to reflect realities in the study population.

3.2.2.3.3 Simple random sampling

The researcher undertook simple random sampling upon undertaking stratified and cluster sampling. In simple random sampling, every sample entity had an equal chance of being part of the sample (Easterby-Smith *et al.*, 2012). The researcher undertook simple random sampling with the use of computers to draw a list of numbered random numbers as a basis for selecting a sample. The combination of the three approaches of sampling; cluster, stratified and simple random sampling formed the combination of the techniques that were used for arriving at the sample that was studied.

The researcher used simple random sampling to draw the appropriate numbers for each of the strata sampled from the clusters.

3.2.2.4 Sample size

Proctor *et al.* (2010) argue that quantitative studies need to have appropriate samples that are calculated at the design stage of the research study. Appropriate sample sizes for quantitative studies have to be large enough and representative of the study population (Polit & Back, 2010). The sample size that was selected by the researcher was computed by use of a scientific formula and represented the entire study population. The process of sampling in quantitative data collection took due care of unique characteristics of the study population. The sample size for quantitative data must be sufficient to accomplish the purpose but not too large to draw resources from other aspects of the study. The sample size, therefore, must have the desired confidence level, precision of estimates and variability of the characteristic being measured (Gregg, 2002:207). The process for determination of population less than 10,000 required the determination of the sample for a population more than 10,000. For the quantitative phase of this study, the sample size was selected by use of the formula for determination of a sample size of a population greater than 10,000 with the view of providing the required parameters for drawing an appropriate sample size. (Larry, 2010:82; Mugenda and Mugenda, 1999):

n = (z2.p.q)/D d2

Where-:

Z -: is the corresponding standard score with the probability of error at 0.05 and a confidence level of 95%, which is 1.96

P-: is the occurrence level of the phenomenon under study and is equal to 0.5 where the occurrence level is not known

q -: is the absence of the phenomenon under consideration and is equal to 0.5 where the value is not known

D -: is the design effect and is equal to the number of groups to be compared in this case

d -: is the selected probability of error of the study corresponding with 95% confidence level in this case 0.05.

This, therefore, implies that sample size for 10,000 by substituting the values:

n = (1.96)2. (0.5). (0.5).1 0.052

n = (3.84) (0.25).10.0025

n = (0.9604).10.0025

n = (384.16).1

n = 384.16.

n = 384

For the quantitative phase of this study, the sample size was selected by use of the formula for determination of a sample size of a population less than 10,000 with the view of providing the required parameters for drawing an appropriate sample size. (Larry, 2010:82; Mugenda and Mugenda, 1999):
Na=n/1+ (nr-1)/N
Where n=384
N= 522
Na=384/1+ (384-1)/522
Na=217.

The researcher administered the questionnaire to the sample 217 respondents' accordance to the proportion of the study population.

The computation of the proportional distribution of the sample size using the above mentioned formula is shown in Table 3.4 below.

Table 3.4: The proportional sample size for the study

	Category	Study Population	Proportion	Sample Size
1.	Employees	307	0.59	128
4.	Agents	215	0.41	89
5.	**Total**	**522**	**1.00**	**217**

Parahoo (2006) argues that the study sample may lose some subjects through non-participation resulting in the achieved sample. This implies that a lower response rate has negative implications on the sample size therefore negative implications on the study. The researcher paid a critical attention to the response rate, and explanations were accorded to the response rate per se.

The researcher sampled 128 employees and 89 agents as the sample size scientifically determined. The respondents that returned the questionnaires in the course of the study were basically 99 employees and 79 agents' respondended. This provided a representative sample of the study population across the different countries; Uganda, Rwanda, and Burundi.

3.2.3 Quantitative Data Collection

Quantitative data were collected by classification and description of attributes, behaviours, and activities of the population being studied (Parahoo, 2006). Quantitative data collection had to be systematic, objective, and repeatable (Lacey, 2010). The quantitative data mainly focused on the examination of the cross-border framework which was suggested by the literature. Robson (2007) argued that the researcher undertaking a quantitative study has to use simple methods for collecting data in order to get simple answers to the research questions and shouldn't collect unnecessary data. The researcher basically used a questionnaire for collecting quantitative data.

The researcher conducted data collection by use of questionnaires which were administered 128 employees, 46 corporate customers, 12 policy makers, and 180 agents. The questionnaires were self-administered as the respondents were literate and could read and write.

3.2.3.1 Questionnaires

A questionnaire asked participants to give written or verbal responses to a written set of questions (Parahoo, 2006). The questionnaire method of data collection is a quick, convenient and inexpensive form of collecting standardised information (Jones & Rattray, 2010). Parahoo (2006) argued that a questionnaire can be used for collecting data on attitudes, knowledge, and experience of the employees. Ambrose and Anstey (2014) further asserted that one of the most important steps in the research cycle is data collection by use of appropriate available methods of data collection; checklist, questionnaire, interview, observation and literature review. Mohsen (2014) also argued that the most common method of data collection is the use of a questionnaire for quantitative data. Furthermore, he suggested that the questionnaires have to be appropriately designed to help the researchers collect valid and reliable data.

Polit and Becks (2010) argued that a structured questionnaire uses a self-report technique to facilitate the collection of quantitative data. The researcher, therefore, administered the questionnaire in order to examine the cross-border framework for competitiveness by the KCB. The study conceptualised the cross-border strategy as an independent variable while the competitive advantage is the dependent variable. The cross-border strategies: global, transnational, multi-domestic, and international, political environment and socio-cultural environment are the sub-variables of the independent variables. Political and socio-cultural environments are conceptualised as the moderating variables of the study, while the sub variables of competitive advantage were efficiency, risk management, learning, and innovation. The questionnaire was constructed to study profile and analyse the variables further and establish the framework describing the relationships between the variables in detail.

Quantitative data were collected by use of structured self-administered questionnaires. Questionnaires had clear instructions and statements representing concepts. The questionnaire was formulated on the basis of the sub-variables global strategy, multi-domestic strategy, and transnational strategy, political environment, socio-cultural environment and competitiveness. The questionnaires were meant to enlist opinions of the selected respondents about the concepts for cross-border banking competitiveness.

3.2.3.2 The structure of the questionnaire

The questionnaire which was administered to the respondents had three sections. See Appendix IV in this regard.
The questionnaire developed was intended to be user-friendly with clear instructions and limited time to complete and ranging between 30 to 40 minutes.

The questionnaire created contained a brief introduction explaining the purpose of the study. The sequence of the questionnaire started with simple background questions which were intended to put the respondents at ease and enlist the demographic attributes of the respondents which were critical for the phenomenon which was being investigated. In order to ensure that the questionnaire collected information for which it's required, the researcher developed questions using questions which were easily understood by respondents, in order to avoid ambiguity, leading questions, hypothetical questions, knowledge questions, double negative questions, making erroneous assumptions, and sensitive questions.

According to Parahoo (2006), a Likert type questionnaire formulates statements which the researcher considered to represent the concept being measured without going through the validation process. The questionnaire formulated by the researcher had positively and negatively worded statements with five different response options ranging from strongly agree, agree, not sure, disagree and strongly disagree. The statements were meant to represent cross-border strategies and competitiveness. The questionnaire as shown in Appendix IV had background variables of the study (sex, age, religion, education, experience, country of the respondents). This was coupled with strategies; international strategy, multi-domestic, transnational strategies and the moderating variables of the political study environment and socio-cultural environment. The researcher formulated closed questions to investigate the unique aspects of the cross-border strategies employed by the Kenya Commercial Bank.

Part A of the questionnaire dealt with demographic variables, Part B the cross border strategies including, B.1: global strategy; B.2: multi-domestic strategy; B.3: transnational strategy; B.4 political environment; B.5: socio-cultural environment; B.6 competitiveness.

Parahoo (2006) argued that questionnaires tend to have a low return rate and it is imperative for the researcher to derive a strategy for addressing the challenge of a low return rate of questionnaires. The researcher, therefore, undertook the challenge of the low response rate of the questionnaire by putting in place strategies that increased the return of the questionnaire. The strategies which were deployed by the researcher included:

i. Researcher obtained permission from KCB to conduct the study and discussed with management the objectives of the study and committed to upholding highest ethical behavior in undertaking the research study. The researcher committed to confidentiality and informed consent. Easterby-Smith (2012) argued that undertaking management research studies

within formal organisations with distinct boundaries that are controlled by managers needed enlisting of management about the study having more benefits as opposed costs.

ii. A cover letter (see Appendix I) was sent along with the questionnaire explaining the main objective of the research study and guaranteeing the confidentiality of the responses. This was followed by reminder letters which were always sent to the different respondents three weeks after initial contact.

iii. The researcher also offset the respondent's burden by putting in place appropriate mechanisms for lessening the respondent's burden as Polit and Becks (2010) argue that in order to reduce respondents' burden the researcher has to provide a closed ended questionnaire with clear instructions.

3.2.4 Piloting, Validity and Reliability

This section provides for strategies that the researcher used for piloting the research instrument and testing for validity and reliability.

3.2.4.1 Piloting of Research Instruments

Parahoo (2006) argued that the piloting of the research instruments is critical in the development of the questionnaire together with an evaluation of the research instrument before undertaking a major study. The pilot study involved conducting a study by use of a small sample of the population using similar methods to the major study. This facilitated the researcher to check whether the respondents understood instructions, the questions in the same way, as well as the determination of the relevance of the questions. Piloting of the research instruments facilitated determination of reliability and validity of the research instruments (Jones & Rattray, 2010). A pilot study was conducted with a sample of the employees and subsidiary stakeholders involved in cross-border banking by the Kenya Commercial bank. Pilot respondents were debriefed in order to establish the problems with the questionnaire and understand questions in relation to the questionnaire. The researcher amended the questionnaire to address issues that had been raised during the pilot. Robson (2007) recommended that the researcher had to use data collected during the pilot in order to generate a dummy data for running a trial test on the selected data analysis. These facilitated the process of determining the relevancy of the data,

analysis techniques and provide insight to the researcher on the applicability of the data collection methodology. The findings and results from the pilot study results were not passed on to the participants or used in the final study.
In order to enhance the reliability of the research instruments, the researcher piloted the questionnaire by administering the questionnaire to a few sampled respondents to assess reliability.

3.2.4.2 Validity

Mugenda and Mugenda (2002) state that validity refers to the accuracy and meaningfulness of inferences made on the results obtained. This provided the ability of the research instrument measuring what it is supposed to measure (Pallant, 2007; Polit & Becks, 2010). It was imperative for the questionnaire to measure what it was intended to measure. The questionnaire therefore adequately addressed the different aspects of the study that are intended to be handled.

The questionnaire had to adequately address all aspects of the phenomenon of cross-border banking which was being studied. Parahoo (2006) argued that face validity and content validity are critical issues frequently reported in the literature review. Face validity basically checked whether the questionnaire measured the concept being tested (LoBiondo-Wood & Haber, 2010). Jones and Rattray (2010) recommended for face validity to be determined by getting friends and experts in the area to test the questionnaire to establish whether it appears relevant, clear and unambiguous.

Content validity tests and checked that there are enough relevant questions covering all aspects being studied and irrelevant questions are not asked (Parahoo, 2006). Polit and Becks (2010) opined that the best approach for testing content validity was by use of experts to evaluate the content validity of the new questionnaires. In accordance with the approach suggested by Polit and Becks (2010), the questionnaires were submitted to the panel of experts to check on the concepts being studied and to check whether the scope of the questions was adequate in a manner proposed by LoBiondo-Wood and Haber (2010).

The researcher provided the questionnaire to experts in cross-border banking to judge whether the questionnaire had content validity before final administration. The experts were involved in the validation of the questionnaire lecturers, managers, and consultants in cross-border strategy. The experts assessed whether the questions in the questionnaire are relevant and adequately cover all aspects of the area of study. The researcher used the recommendations from the different experts for improvement of the questionnaire.

3.2.4.2.1 Design Validity

Design validity involved the assessment of the results produced by the questionnaire as a result of internal and external validity. Internal validity observed a correlation between variables of interest in causal effect and basically a determination of actual events are manifestations of particular generative mechanisms in the context of the field (Zachariadis *et al.,* 2013). External validity measured the extent to which the study results applied to a situation beyond the study (Leedy & Ormrod, 2001; Sibanda, 2011). It was the cause effect relationship that went beyond the variation of samples, settings and treatment variables, thus resulted in being generalised. This enabled the determination of the likelihood that similar or related events that occur in other settings were caused by the generative mechanisms that cause the actual events (Zachariadis *et al.*, 2013). The researcher took due diligence in the process of measuring design validity by the assessing both internal and external validity. Internal validity was measured by piloting the research instrument to be provided to the experts in the area to establish a correlation between variables of interest. The experts had to establish whether the background variables, cross-border strategies; global, international, multi-domestic, and transnational strategies correlated with competitiveness; efficiency, risk management, learning, and innovation. The experts also measured external validity by assessment whether the instrument applied to a situation beyond the study.

The researcher provided the questionnaire to experts in cross-border banking to judge the design validity of the questionnaire before administering. The experts in cross-border banking; lecturers, managers, and consultants in international business strategy established that the questionnaires had both internal and external validity. However, the experts before approval made recommendations for approval of the questionnaires for conducting the study.

3.2.4.2.2 Measurement Validity

Research inquiry undertook the assessment of reliability and constructed reliability. Reliability is a determination that the variables used in the framework do not have a measurement of error. The study had to ensure that the measurements used in the extensive methods didn't have measurement errors. The researcher ensured that measurement validity was adhered to by piloting questionnaires process of administration of the questionnaire to determine the validity**.** Construct validity, on the other hand, involved the determination of what was intended to be measured was consistent with a theoretical description (Zachariadis *et al.*, 2013).

The researcher provided the questionnaire to experts in cross-border banking to judge the measurement validity of the questionnaire before administering. The experts in cross-border banking; lecturers, managers, and consultants in international business strategy assessed whether the variables used in the framework had measurement errors. The comments from the experts were used for improvement of the questionnaires before final administration.

3.2.4.2.3 Inferential Validity

Inferential validity refers to whether claimed conclusions, especially relating to causality, are consistent with research results (e.g., statistical results) and research design (e.g., presence of appropriate control variables, use of appropriate methodology). Inferential validity ensured that statistics were appropriate and findings from statistical analyses were adequate to construct a narrative (Zachariadis *et al,* 2013). Findings from statistics provided information about the relationships of events observed in the empirical domain. This told the story whether a given theorised process could yield the outcomes that one claims it does. Inferential validity determined whether the study had put in place appropriate control variables together with methods that were adequate for inference of the phenomena. The expertise of the statistician was used for establishment on inferential validity. The researcher provided the questionnaire to experts in cross-border banking to assess inferential validity before administration. The experts assessed whether the claimed conclusions especially relating causality and research design were adequately addressed by the questionnaire. The comments from the experts were used for improvement of the questionnaires before administration to the respondents.

3.2.4.3.4 Reliability

Parahoo (2006) argues that validity is insufficient to establish trustworthiness of quantitative results without reliability. Reliability was concerned with the estimates of the degree to which measurements were free of random or unstable error in instruments (Cooper & Schindler, 2002; Bridgeman, 2013). Reliability involved the consistency of the instruments in producing consistent results when applied repeatedly under the same conditions. The reliable instrument produces consistent results across the different areas. The establishment of reliability was critical as it ensured that the results were accurate as possible (Korbanka *et al*, 2003; Fowler, 2008). The researcher piloted the research instrument in order to determine the reliability of the instrument in the measurement of desired results.
Polit and Becks (2010) recommended that researchers had to measure consistency by use of Cronbach's alpha coefficients. Cronbach's alpha values

ranged from 0.00 to 1.00, but the acceptable value for the level of consistency was established to be >0.7. The researcher upon analysis of the research results tested the results to establish that the Cronbach's Alpha Coefficient to be >0.7. This facilitated the determination of consistency of the research instruments.
The researcher piloted 10 questionnaires to determine the reliability of the questionnaire. The researcher used Cronbach's alpha for determining the consistency of the research instruments in producing consistent results. The statistician ran the pretested questionnaire for selecting questions with coefficient more than 0.7 as more consistent questions. The researcher eliminated inconsistent questions. This resulted in elimination 8 questions that had initially in the first draft questionnaire.

3.2.5 Factor analysis

In order to ensure that the questionnaire had appropriate constructs that underlie the constructs in the questionnaire, the researcher employed factor analysis. The researcher used Exploratory Factor Analysis (EFA) framework for the evaluation of the questionnaire for investigation of the cross-border phenomenon for competitiveness. Cross-border strategies for competitiveness had been conceptualised to influence the competitiveness of the Kenya Commercial Bank. The constructs that were investigated by use of exploratory factor analysis were based on the conceptualisation of the phenomenon of a cross-border framework for competitiveness by the KCB. The researcher undertook exploratory factor analysis (Bryman & Cramer, 2004; Blunch, 2008; Field, 2009). The researcher used SPSS for calculation of the different factor loadings of each of the common and specific factors together with summary indices (Easterby-Smith *et al.*, 2012). This was followed by the researcher selecting a subset of common factors retaining the largest common factors as major variables of the study. The size of loadings for specific factors determined the correlations among observed variables and size of loadings for specific variables observed and size of loadings for specific factors determined the common factors (Easterby-Smith *et al.*, 2012).
The factor analysis was used to verify the underlying factor structure of the conceptual framework developed from theory. CFA allowed the researcher to test the hypotheses that a relationship between observed variables and their underlying latent constructs exists. The researcher used knowledge of the theory, empirical research, postulation of the relationship pattern, a priori and then tests the hypotheses statistically (Diana Suhr in www2.sas.com/proceedings/sugi30/203-30.pdf- accessed 18/03/2013).

The researcher piloted 10 questionnaires to help in undertaking factor analysis to establish whether the questionnaire had appropriate constructs that underlie the

constructs in the questionnaire. The statistician conducted factor analysis in order to verify the underlying factor structure of the conceptual framework developed from theory. SPSSS was then used for calculation of appropriate factor loads for selecting a subset of common factors retaining the largest common factors as major variables.

3.2.6 Procedures for Data Collection

The researcher on success defense obtained an introductory letter from Administrator Post Graduate School of Business leadership confirming having passed the second colloquium. This was followed by submission of an application to Graduate School of Business Leadership Ethics Review Committee (RERC) for approval before proceeding for data collection in the field. The researcher subsequently applied to the management of Kenya Commercial Bank seeking for permission to conduct the research study. The researcher upon receiving approval for the study proceeded to conduct data collection in the field of the research study.

3.2.7 Data Management

Van de Weijer, Van Cleempoel and Heynen (2014:21) opined that good research studies must involve a systematic process with rigor, transparency, communication, repeatability, validity, reliability and originality. Marcyzk, DeMatteo, and Festinger (2005:198) identified the process of data analysis as the preparation of data collection, data analysis, interpretation of data that involved testing of the hypotheses and answering of research questions. They further advise the researcher to carefully plan data collection, editing, coding, logging, and entering, transforming and organising data into data bases that facilitated accurate and efficient analysis of quantitative data.

The researcher undertook data management by appropriately conduct editing, coding, logging entering, transformation and organizing data. The researcher started by coding, cleaning -up a process aimed at identifying and eliminating errors during data collection. The task involved editing for completeness, accuracy, and uniformity. The researcher edited questionnaire after gathering data from the respondents. This was followed by the coding of the closed ended questions.

3.2.8 Data Analysis and Interpretation

Quantitative data was analysed with the use of the SPSS. The analysis was done through descriptive, cross-tabulation correlation and or regression; data was presented in the form of tables, frequencies, percentages and graphs for comparative purposes. Once the data had been presented and analysed, the researcher interpreted them on the basis of various themes.

Parahoo (2006:375) argued that data analysis is an integrated part of a research design and it is a means of making sense of data before it is presented in an understandable manner. The descriptive and inferential analysis was used for data analysis. The process of analysing quantitative data was carried out with the use of numbers. The replies to the questionnaire were coded with the use of the ordinal scale of 1 to 5. The numbers are presented in the ascending order with equal steps implied between the numbers (Parahoo, 2006). The responses to each of the questions in part B to G were coded using numbers in the ordinal scale of 1 to 5. Strongly agree to represent 5, agree-4, not sure-3, disagree-2 and strongly disagree-1. The statistician was hired to support the researcher in data analysis by use of excel and SPSS. A description of the background variables, inferential statistics were used to determine the correlation of the variables for the data presented in part B to G of the questionnaire (Walters &Freeman, 2010). The quantitative data software was used for the description of data with the use of frequency tables, descriptive tables, pie charts and measures of central tendency (Parahoo, 2006). The frequency of responses established from the data collected was calculated and illustrated using statistical tables, pie charts, and bar charts. Parahoo (2006) argued that bar charts and pie charts are critical for the provision of a clear picture of the results with a sense of proportion. The researcher also used the measure of central tendency; mode, median and mean to determine the central location of the data set. The researcher checked the relevance and format of the tables and charts produced by computer analysis as alluded to by Comarck (1991).

Inferential statistics were used for checking the relationships between variables used (Parahoo, 2006). Furthermore, inferential statistics were used for the evaluation of the strategies employed by the Kenya Commercial Bank on the different aspects of competitiveness. Polit and Becks (2010) argued that contingency tables were critical for cross-tabulation of the variables and the determination of correlation. The statistician computed correlation coefficients by determination of the intensity and the direction of correlation coefficients. The values for the correlation coefficients range from -1.00 for negative relationship, 0 for no relationship and +1.00 for a positive relationship (Polit & Becks, 2010). The researcher computed the correlation coefficients and determined the direction

and strength of correlation in relation to the measures determined. The positive, strong correlation was determined with the use of the strength and direction of the relationship. Regression analysis was also used for the determination of the relationship between the variables that are being investigated.

Hypotheses testing was undertaken to determine acceptance or rejection of the hypotheses stated. The researcher appreciates the fact that the purpose of the study developed hypotheses for validation of the framework from the literature reviewed. The researcher acknowledges that hypotheses were about the relationship between two variables. The researcher used chi-square analysis to make an inference to be divided into the strategies for the cross-border framework and diverse environments within the headquarters and the subsidiaries of Kenya Commercial Bank. The researcher also performed the t-test basically for rejection or acceptance of the hypotheses as per problem statement at 5% significance level.

In order to ensure continuity and reliability of the process, computer records were backed-up throughout the data analysis process. The data was also secured by storage in the secured system by passwords. The questionnaires were also securely kept. This was critical for both physical security and back-up of data that could be required for some time and for the future.

SECTION 2: QUALITATIVE

This section intended to explain the qualitative phase of this study. It also aimed at providing for the processes and mechanisms for the second phase of the study. The research design adopted by the researcher was sequential mixed methods that begun with quantitative and finally the qualitative phase. The researcher intended to integrate the findings of the quantitative and qualitative into a mixed method outcome. The objective of the mixed method was to bring together the two datasets with a view at arriving at a complete picture of mixing the quantitative and the qualitative research methodologies (Creswell & Clark, 2007).

3.3.1.0 Research Design

The second phase of the study qualitative was undertaken by the use of the case study research design. The case study research design allowed the researcher to explore individuals, organisations, simple through complex interaction, relationships, communities or programmes (Yin, 2003) and supports the deconstruction and subsequent reconstruction of phenomena (Baxter & Jack, 2008). The qualitative case research design facilitated the exploration of phenomena within its contexts using a variety of data sources. The research design was based on interpretivism research philosophy that recognised the subjective creation of meaning but at the same time doesn't reject the outright notion of objectivity.

The qualitative framework study design sought to explore phenomena, the instruments that used the more flexible, iterative style of eliciting and categorising responses to questions. The case study research design allowed close collaboration between researcher and the participants while enabling the participants to tell their stories (Gabre & Miller, 1999). The researcher was in a better position to understand the participants' actions through stories and could best describe their views of reality (Lather, 1992). The purpose of this scientific inquiry was the development of an appropriate framework for cross-border competitiveness by the Kenya Commercial Bank. A qualitative investigation was used for validation of the quantitative findings and gaining more insight on the phenomena of cross-border banking for competitiveness by Kenya Commercial bank. Tashakkori and Creswell (2008:5) claim that qualitative data enriches quantitative data. Yin (2003) further argues that case study research design is appropriate when the focus of the study is to answer how, and why questions, you cannot manipulate the behaviour of those involved in the study and boundaries are not clear between phenomenon and context.

The design used semi-structured and unstructured interviews for collecting information from the semi-structured methods such as in-depth interviews. The qualitative design, on the other hand, described variations in the different subsidiaries; it also facilitated description and explanation of relationships, described individual experiences, and group norms. Furthermore, qualitative designs use open-ended questions with the use of interviews, focus group discussions and observations. The questions that were earlier prepared in the research instruments semi-structured and unstructured interview guided the researcher in the data collection process. The researcher typed the interviews from the different respondents and analysed the responses by use of a qualitative data analysis tool or software (MAXqda). Qualitative data analysis was finally integrated with the quantitative data (Creswell & Clark, 2007) in the last part of the study.

3.3.2.0 Qualitative sampling methodology

Non-probability qualitative sampling methodologies were applied in the selection of participants and respondents for Key Informant Interviews (KII). The respondents were selected on the basis of the richness of the information to gain a better understanding of the value of the project.

Seawright and Gerring (2008) stated that given the insufficiencies of randomisation and the problems posed by a purely pragmatic selection of cases; the argument for some form of the purposive case selection seems strong. Non-probability sampling methodologies were used for selection of the respondents of the key informant interviews KIIs. Non-probability sampling techniques are ideal for qualitative study and share similar characteristics that are not possible to state the probability of any member of the population being sampled (Easterby-Smith *et al.,* 2012).

3.3.2.1 Purposive Sampling

Purposive sampling involved selection of a sample that conformed to a certain criterion (Cooper & Schindler, 2003); for critical examination of rich cases. Seawright and Gerring (2008) stated that given the insufficiencies of randomisation and the problems posed by purely a pragmatic selection of cases; the argument for some form of purposive case selection seems strong. Purposive sampling was used by the researcher for sampling the key informant respondents, especially the management of the Kenya Commercial Bank. The respondents from subsidiaries in Uganda, Kenya, and Rwanda together with top management were purposively sampled for the study. Conducting the studies

across a range of representation facilitated triangulation of findings and incorporated wide-ranging perspectives.

The researcher used purposive sampling for selection of rich cases that had knowledge in cross-border banking by Kenya Commercial bank. Purposive sampling was used for selecting subsidiary and headquarters managers in Uganda, Rwanda, and Burundi. The headquarters and subsidiary managers were critical in the process of development of strategy and management of competition in the cross-border undertakings. The researcher therefore purposively sampled the respondents to gain insight into the cross-border dynamics.

3.3.2.2 Snowball sampling

Noy (2008:327) defined snowball sampling as a procedure where the researcher accesses informants through the contact information provided by other informants. The process of snowball was by necessity, repetitive: informants referred the researcher to other informants, who were contacted by the researcher and then referred him to yet other informants and so on. Snowball sampling asked people identified to recommend others that had insight into the phenomenon which was being studied (Collis & Hussey, 2005). Those respondents participating in the KII were selected using the snowball technique in which certain key people were identified by the researcher to have an understanding regarding the strategies employed by the Kenya Commercial Bank. Snowball sampling facilitated the process of gathering information that could have been ignored through the purposive and convenience sampling technique.

Easterby-Smith *et al.,* (2012), argued that snowball sampling works very well for individuals, groups or companies that are part of a network whose membership is confidential. The cross-border banking has enlisted agents together with corporate customers to undertake cross-border banking. Snow ball sampling was used therefore for a sampling of agents and corporate customers with different perspectives in cross-border banking. Snowballing sampling technique facilitated identification of experienced agents in cross-border banking in Uganda and Rwanda.

3.3.3 Qualitative data collection

Qualitative methodologies are becoming popular in social sciences, (Strauss and Corbin, 1998; Ghauri and Gronhaug, 2003), as generalisation of experiences of the managers and employees of the Kenya Commercial Bank in the first phase of the study wasn't adequate in generation of new body of knowledge in the field of cross-border competition. The researcher, therefore, opted to use of qualitative research methodology to support the quantitative data and aid the development of an appropriate framework for cross-border banking. McGloin (2008:45) argues that "qualitative research is concerned with the explanation of a social phenomenon focusing on people's behaviour being the effect of events on people, cultural influence, developments and differences in social groups."

Qualitative research methodology, therefore, facilitated the expression of experiences which could not be expressed in numbers (Strauss & Corbin, 2003, Berg, 1989). Qualitative research methodology emphasized and focused on understanding the participant's point of view, interpretation and the rational approach, observations and measurements in natural settings, subjective and insider view and closeness to the data. The research methodology was process oriented with explorative orientation with a holistic perspective. This enabled the researcher to undertake generalisation by comparison of properties and contexts of an individual organism. This methodology was therefore critical for the development of a framework and framework for appropriately studying cross-border banking by the Kenya Commercial Bank. Collis and Hussey (2005) in their study highlighted the unique characteristics of a qualitative research methodology based on Reinchardt and Cook (1979); emphasised on understanding the participants' view, interpretation, and rational approach, observation and measurements in natural setting, subjectivity and closeness to the data. In addition, explorative and process orientation, holistic perspective and generalisation together with a comparison of properties and contexts of the individual organism are emphasized (*ibid*).

The research philosophy adopted by the researcher in the second phase of this study was based interpretivism guided subjective epistemology. The study examined the cross-border framework employed by Kenya Commercial Bank towards competitiveness. The subjective experiences of managers and employees across in the different subsidiaries and headquarters were critical in unearthing the messy and dynamic perspectives of cross-border banking. The study aimed at probing experiences and psychological journeys of cross-border managers and employees of the KCB. The experiences of cross-border managers assisted the researcher in the development of an appropriate framework for cross-border banking. The study did not intend to generalise

experiences of units of analysis across the populations of the cross-border managers at the Kenya Commercial bank.

The researcher collected qualitative data by use of structured and semi-structured interviews. The interviews were conducted with headquarter managers, selected subsidiary managers of cross-border banking, employees, regulators, and customers. The respondents were selected by use of purposive and snowball sampling from Uganda, Kenya, Rwanda, and Burundi.

3.3.3.1 Personal Interviews

Personal interviews were used for collecting data from key informants such as selected managers, employees, regulators and corporate customers. Managers of cross-border operations with deeper insight cross-border strategies employed by the Kenya Commercial Bank were interviewed. Policy-makers in various different countries were also interviewed. This method was preferred as it gave an opportunity for the researcher to probe the respondents on the competitive strategies employed and responses from the different markets.
This member checking was done to establish what existed in the peoples' minds regarding their views on the derived cross –border framework and whether or not they perceived it as a reasonable reflection of reality in the Kenya Commercial Bank (Strauss & Corbin, 1998). Also, to indicate whether the research outcome was fit the actual situation and contribute positively towards the success and competiveness of the bank.

Doody and Noonan (2013) described an interview as a method of collecting data by asking quantitative or qualitative questions that take a format of structured, unstructured, semi-structured and unstructured interviews. The researcher used structured and semi-structured questionnaires for interviewing employees, agents, and regulators involved in cross-border banking by the Kenya Commercial Bank. Doody and Noonan (2013) argue that structured interviews provided a mechanism for asking the same questions using the same wording in the same order as all the other participants. This is undertaken by use of interview schedules using open ended questions with the same protocol questions and probes are adhered to throughout the interviews.

The researcher conducted personal interviews with headquarter managers, selected subsidiary managers of cross-border banking, employees, and regulators. The respondents were selected by use of purposive and snowball sampling from Uganda, Kenya, Rwanda, and Burundi. The personal interviews were tailored to capture perceptions and feelings of the participants on the cross-border strategies for competitiveness. The interviews addressed the thematic

areas of the areas of cross-border strategies. The questionnaires also captured the moderating variables; socio-cultural and regulatory environments which are critical in the determination of strategy and competitiveness across the different countries. The researcher developed different interview guides for the different categories of respondents; headquarter managers, subsidiary managers, employees, customers, and regulators have been designed.

3.3.4 Executing the qualitative research phase

The qualitative phase of this study was undertaken by scheduling the first appointment of a data qualitative collection constituted by the researcher, field coordinator, and research assistants to undertake the data collection exercise. The team undertook the entire process of the collection of qualitative data by use of semi-structured and structured interview guides.

The exercise was undertaken by researcher with the support of the field coordinator, and three research assistants. However, the supervisor guided the researcher during the entire process of data collection. The researcher ensured that data that had been captured was appropriately stored by use of field notes, audio taping and transcription of interviews.

3.3.4.1 The Research Team

The qualitative phase of this study was undertaken by scheduling an appointment of a qualitative data collection constituted by the researcher, field coordinator and research assistants to undertake the data collection exercise.

3.3.4.1.1 Researcher

The researcher was lead the entire data collection exercise reporting to the supervisor and undertakes strategic management of the research study. The researcher ensured adequate preparation for the research study by preparing the research instruments, testing, seeking approval of the proposal, research instruments; requesting permission from UNISA, National Council of Science and Technology, the Kenya Commercial Bank and the respective governments. The lead researcher also undertakes training of the coordinator and data collectors during the research study and appropriate mechanisms for undertaking qualitative and quantitative inquiry. He was also created the appropriate management of the data collection exercise in terms of strategy and logistics. The researcher, in addition, also undertook overall leadership for analysis of data, and dissemination. The researcher undertook due care in quality assurance of the research study's results.

3.3.4.1.2 Field Coordinator

The researcher appointed the field coordinator in each country of study to support the researcher in the process of data collection with experience in quantitative and qualitative data collection. The field coordinators that were appointed had Master's degrees in Business field with good understanding in data collection and analysis. The field coordinators undertook collection of qualitative data and supervised the collection of quantitative data in the respective countries with overall supervision of the researcher. Despite understanding research dynamics in the different countries the field coordinators were also trained on the unique aspects of cross-border banking and the area of study specifically addressing the unique aspects of cross-border banking for competitiveness, ethical considerations in research and methods of data collection. Critical skills for management of the data collection were also imparted on the field coordinators. The field coordinators were instrumental in the process of conducting semi-structured interviews with employees of the Kenya Commercial Bank. The field coordinators the three countries supported the researcher during the entire process of data collection and analysis and report writing.

3.3.4.1.3 Research assistants

The researcher appointed two research assistants in each country of study to support the data collection exercise in their respective countries. The research assistants reported to the field coordinators during the process of collecting quantitative data collection. The research assistants that were appointed had Bachelor's degrees in the business field with knowledge about the dynamics of the country. The research assistants were trained on the unique aspects of cross-border banking and the area of study specifically addressing the unique aspects of cross-border banking for competitiveness, ethical considerations in research and methods of data collection. The research assistants supported in the process of quantitative data collection in the field. They were responsible for administration of questionnaires to the agents and employees and collecting the duely filled questionnaires submitting them to the field coordinator in respective countries.

3.3.4.1.2 Data capturing and storage

The researcher undertook proper capturing and storage of qualitative data with the use of field notes, audio taping and transcription of interviews.

3.3.4.2.1 Field notes

The researcher recorded field notes in the form of a journal that provided the process including emergent ideas, results, reflections on personal learning and the examination of personal attitudes and values. The field notes were critical during data analysis and report writing. Field notes provided a rich qualitative picture of motives and perspectives which allowed the researcher to gain considerable insight into situations being examined (Easterby-Smith *et al*, 2012). The researcher recorded the processes of quantitative data collection, qualitative data and interactions with the different participants, right from the start.

3.3.4.2.2 Audio taping and transcription of interviews

The researcher undertook in-depth interviews by use of both semi-structured and unstructured questionnaires. The interviews enabled the researcher to probe deeply to uncover new clues, open up new dimensions of the problem and secure vivid and accurate inclusive accounts that are based on personal experience (Burgess, 1982:107). The researcher taped these interviews in order to capture accounts of the personal experiences of the different participants in the study. These were then transcribed by a professional transcriber word for word. The transcription was the conversion of recorded speech into a written or electronic text document. Kvale (1996) argued that the aim of qualitative interviews is to collect information that captures meaning and phenomenon in-terms of the interviewees' world view. The researchers conducted interviews in order to gain insight about the interviewees' world of view (Easterby-Smith et al, 2012).

The researcher ensured that interviews are audio taped and transcribed as a means of effective management of qualitative data collected. This facilitated understanding the world view points of the interviewees were captured and appropriately analysed and digested for evaluation and validation of the derived quantitative framework.

3.3.5 Thick description theory

The researcher used thick description theory to guide the researcher through qualitative data collection and analysis. Ponterotto (2006) argues that thick description contrasts thin description that does not undertake a detailed account of underlying meanings of the phenomenon being studied. The cross-border framework for competitiveness involves the interaction of unique aspects of diverse societies requiring an understanding underlying cultural and political contexts in the different countries. The thick description was facilitated understanding of underlying meanings of the cultural contexts, responsiveness to the diverse contexts, success and failures in the process. It also involved an understanding of the different dynamics in the subsidiaries, unique attributes of the different markets and prediction of possible responses to particular actions. This was critical in the establishment of the frameworks for cross-border banking by Kenya Commercial Bank. Ponterotto (2006:539) argues that thick description requires the qualitative researcher to provide interpretations of data that are richly and thickly described in order for the interpretations to have credibility. The thick description provides an opportunity for the researcher to highlight the feelings, voices, the meaning of interactions, and actions, therefore, illuminating critical contexts, insights, feelings, and experiences of the respondents. Ponterotto (2006) describes the critical aspects of thick description as; accurate description and interpretation of social actions within appropriate contexts, capturing thoughts, emotions, and web of social interactions among the respondents. This, therefore, promoted a deeper interpretation of actions facilitating the understanding of the meaning of findings that reverberate with the readers. The thick description was critical for highlighting the experiences of the respondents and explanation of the phenomena of cross-border dynamics by the Kenya Commercial Bank for competitiveness.

Different scholars appreciate thick description for accuracy, capturing of thoughts and emotions, appropriate for interpretation of social actions and deep description of social actions (Denzin, 1989; Ryle, 1971, Geertz, 1973; Holloway, 1997; Schwandt, 2001 and Ponterotto, 2006).

The researcher used deep description for explanation of quantitative findings. Deep description supported the explanation of responsiveness of the different strategies to cultural orientations, different contexts, success and failures, processes in the execution of cross-border strategies, diverse political and socio-cultural contexts, and experiences of different subsidiary managers, customers, regulators and headquartered management. The thick description was used by the researcher for accurate description and interpretation of actions by different participants. It facilitated capturing of emotions, thoughts, contexts and social

interactions among the stakeholders in cross-border banking. Deep description enabled the researcher to explain cross-border banking phenomena by Kenya Commercial bank and establishment of an appropriate framework for cross-border banking.

3.3.6 Validity and reliability of qualitative data

The aim of this section was to provide strategies for validity and reliability of qualitative data. A major criticism of qualitative studies is difficulty in putting enhancement of validity and reliability. The concepts of dependability, credibility, transferability, and conformability are used for the description of trustworthiness of qualitative research findings (Graneheim & Lundman, 2004; Zachariadis *et al.*, 2013; Silverman, 2001; Pitts, 1994). Several researchers have demonstrated the mechanisms for incorporation of validity, reliability, and trustworthiness in the qualitative studies (Silverman, 2001; Pitts, 1994; Shenton, 2004). The diver's aspects that contribute towards validity and reliability of qualitative research are intertwined therefore it is critical for the researcher to undertake due diligence while designing and developing qualitative studies. Guba (1981) highlights the corresponding criteria normally pursued by the positivist, which are credibility, transferability, dependability, and conformability. In order to enhance validity and reliability in qualitative enquiry, the researcher was mainstream; credibility, transferability, dependability, and conformability in the study.
The Researcher enhanced validity and reliability of qualitative findings by putting place mechanisms for dependability, credibility, transferability, conformability, and trustworthiness and rigour.

3.3.6.1 Credibility

Credibility refers to the focus of research and the extent to which the data and analysis process address the required focus (Graneheim & Lundman, 2004). The credibility of results involves diverse aspects of qualitative data collection. The selection of appropriate respondents was critical for the credibility of results. The choice of respondents in qualitative studies used a limited sample to make conclusions in order to enhance credibility. The selection of an appropriate choice of the participant with different backgrounds and richness of information was facilitated in a good qualitative inquiry that provides valuable insights into the study. Graneheim and Lundman (2004) argued that selection of the most appropriate qualitative data collection method and the right size is critical in attaining credible results. This is further facilitated by choice of the unit of investigation. Credibility also undertakes an assessment of the extent of selected

themes cover the data and the irrelevant themes are omitted from the data sets. The process of highlighting or providing direct quotes from the respondents' builds credibility. Johnson and Waterfield (2004) argued that triangulation improves the credibility of data. The mixed methods research design that was used by the researcher enhanced credibility. Intellectual and personal bias disclosure by the researcher further enhances the credibility of qualitative data (Johnson & Waterfield, 2004). Credibility refers to results being believable from the participants of the research (Zachariadis *et al.*, 2013).

Shenton (2004), explains that the variables for enhancement of credibility in qualitative studies being; adaptation of appropriate research methodologies, understanding of the culture of the unit of analysis, triangulation, appropriate sampling techniques, use of tactics that promote honesty, interactive questioning, negative case analysis, frequent debriefing, peer scrutiny, member checks, examination of previous research findings, background qualification of the investigator, researchers reflective commentary and thick description.

In order to ensure that credibility prolonged engagement, persistent observations, triangulation, peer debriefing, negative case analysis, referral adequacy and member checks. The prolonged engagement adhered for each interview taking place in two hours together with a follow-up interview. The researcher also conducted follow up interviews with residents that are not residents of Kenya by use of the telephone. This was coupled with persistent observation of the researcher and researched. The researcher also used methodological and investigator triangulation enhancement of credibility. There was also consistent discussion of the interviews with the researcher's supervisor to facilitate credibility. The researcher attached due attention to negative cases by undertaking a critical analysis of the negative cases. Archiving of data was undertaken for future referrals. In order to enhance credibility, transcribed data was sent to the interviewees to ensure that the interviewee reviews the transcription to avoid a possible misunderstanding of findings. Credibility was further enhanced by keeping a reflexive journal for the entire journey. The reflexive journal facilitated reflection of the collection and reflecting on the critical aspects of qualitative findings in view of the synthesis.

3.3.6.2 Trustworthiness and rigour of qualitative data

Trustworthiness of qualitative results was critical in the determination of qualitative research findings. The researcher ensured that there was rigour by cross-checking the member interviews of the respondents before utilising the results and researcher enabled the researcher to ensure that documented transcripts attached as annexure to the research report. Yin (1994) argues that the correct incorporation of appropriate measures is critical for the enhancement of credibility and trustworthiness of results. To ensure reliability interviews were recorded, quotations and interview excerpts were used to reflect the participants' voices in the inquiry (De Vos, Strydom & Delport, 2005; Leedy & Ormrod, 2001; 164).

The Researcher enhanced trustworthiness and rigour by cross-checking member interviews before utilizing the results of analysis. Transcription of interviews and sending a copy typed transcription back to the respondents for confirmation was undertaken. This provided the participants with an opportunity to reflect and make corrections where necessary.

3.3.6.3 Transferability

Transferability refers to the extent the results can be transferred to other settings (Graneheim and Lundman (2004). Transferability of results involves the ability of the researcher transferring results to other settings with the idea that similar or related events that occur or might occur in other settings and are caused by the generative mechanism that caused the actual events in the field (Zachariadis *et al.*, 2013). The process of transferring or inference of data to the different settings needed had to be valid and reliable. The researcher ensured that transfer of data was done while bearing in mind the different unique aspects of the different environments. The researcher also had to take due care to ensure that the due care is undertaken for transferability of data or findings. Transferability depends on the extent and distinct description of culture and content, unique selection of characteristics of respondents, data collection, and processes that can be established (Graneheim & Lundman, 2004). The utilisation of direct quotations accompanied by rich and in-depth presentations enhanced the transferability of findings.

The researcher ensured transferability of the qualitative findings was appropriate with the unique aspects of the different participants'. The researcher used appropriate thick description technique by use of detailed interviews and enabling

the reader to have the actual feel of the phenomenon under investigation. This approach used enabled the reader to be part of the research inquiry process. The researcher also used a reflexive journal to enhance transferability. A reflexive journal provided the entire journey of the research from inception to conclusion. Transferability depends on the extent and distinct description of culture and content, unique selection of characteristics of respondents, data collection, and processes that can be established.

3.3.6.4 Dependability

Dependability was another critical aspect of trustworthiness that sought the means for taking into account both factors of instability and factors of phenomenal or design induced changes (Lincoln & Guba, 1985:299). This is undertaking due care through the retroductive process and identification of contingent factors which didn't adulterate results or produce dependable results (Zachariadis *et al.*, 2013). The researcher, therefore, took due care during the retroductive process and identification of contingent factors to ensure dependable results. Graneheim and Lundman (2004) argue that qualitative studies must take into account the extent to which data changes over time and changes made by the researcher's decisions during the data analysis process. Graneheim and Lundman (2004) contend that time taken to collect data can lead to data inconsistency and therefore the researcher has to undertake due care during the process of questioning the participants and the time questions being asked by researchers change as the researcher gains insight. Johnson and Waterfield (2004) argued that dependability can best be enhanced by triangulation of the data collection instruments. This was undertaken with the use of the mixed methods approach together with triangulation of data collection approaches.

The researcher undertook due care for dependability of results by triangulating the critical aspects of the qualitative findings. This was aimed at enhancing the credibility of the research findings. This also was strengthened by carrying out an audit of the research process as appropriate mechanisms for the enquiry were critical in the production of dependable research findings. The audit process focused on the process of data collection, keeping of data, and accuracy of data. The reflexive journal about the entire journey of the research was being kept by the researcher to record the entire journey of the study. This also enhanced dependability in case of inconsistencies.

3.3.6.5 Conformability

Conformability refers the extent to which the final report findings, interpretations and conclusions are supported by data that has been gathered (Log, 2013). The researcher undertook due diligence to ensure that conformability was dully upheld. This was by conducting a conformability audit which examined the products to attest the findings, interpretations, and recommendations that were being supported by the data. The researcher also reviewed the data that emerged to identify the possible contradictions and where necessary. This also included contacting the participants to clarify the record of interviews.

The researcher ensured conformability that final findings, interpretations, and conclusions discussed in the study was supported by collected data. This was undertaken by conducting conformability audit and examination of the products and attesting the findings, interpretations, and recommendations were supported by findings.

3.3.6.6 Descriptive Validity

Descriptive validity involved undertaking an assessment of the accuracy of events, objects, behaviours, and settings reported in the study (Zachariadis *et al.*, 2013). Critical realism emphasised that explanations of mechanisms in action and the conditions with which they are interacting, appreciation of the field by identifying, prioritizing, and scoping boundaries of the study (Zachariadis *et al.,* 2013). The process of describing the qualitative approach to support the findings of quantitative data was undertaken with due care.

The researcher undertook due care to ensure that the process of description of the qualitative was undertaken with the accuracy of events, objects, behaviours and the settings were reported in accurately. This was also undertaken by a description audit that examined and attested descriptions that were made. The researcher also reviewed the data that emerged to identify the possible contradictions and where necessary. This also included contacting the participants to clarify the recorded interviews.

3.3.6.7 Theoretical Validity

Theoretical validity refers to the accuracy of the theories and frameworks developed being in a position to fit into the data that was established. Theory developed is used to help hypothesize about the mechanisms and provide mechanisms and provide explanations for events that occurred (Zachariadis *et al*, 2013). The researcher undertook due care to ensure that theoretical validity was dully upheld. This was by triangulating of data collection methods, data triangulation and participants' triangulation together with utilisation of credible data sources. This facilitated the development of a robust theory based on facts and reliable information. The researcher also tested the theory or framework by use of quantitative data to examine the realities in the theories. Undertake that testing the theory is the examination of the products to attest the findings, interpretations and recommendations that were supported by the data.

3.3.7 Reflexivity and Bracketing

The aim of this section is to provide for mechanisms for dealing with prejudice in qualitative data collection and analysis so as to have credible and trustworthy findings. This section provides a description of the mechanisms that were used by the researcher for reflexivity and bracketing. The Researcher enhanced validity and reliability of qualitative findings by putting in place mechanisms for reflexivity and bracketing in order to ensure that qualitative findings were not adulterated by the researchers' opinions and biases.

3.3.7.1 Reflexivity

Qualitative research is subjective in the data collection process and presents a risk to the researcher with a risk of projecting his own biases, incorporating cultural prejudices (Mruck & Breuer, 2003). Reflexivity thinking helps the researcher to identify the potential influence throughout the research process (Chan *et al.,* 2013:3). The researcher undertook due care while conducting the qualitative phase of the study that prejudice and own opinions couldn't adulterate the views of the respondents. The researcher took into consideration the social world that was being investigated and continuously had an internal dialogue with self to keep asking how the researcher knows what the researcher knows (Johnson & Waterfield, 2004; Graneheim & Lundman; Berg, 1998).

The researcher undertook reflexivity in order to avoid interference of the research by his opinions and biases. This was by ensuring that the qualitative part of the

study was mindful of the level of interference of the researcher's own knowledge on the cross-border framework being investigated. The researcher ensured his own knowledge of cross-border strategies didn't interfere findings from the respondents. The researcher ensured that reflexivity and bracketing was undertaken to ensure that researchers' knowledge acquired from classes and the experience of operating in different countries didn't influence the findings of the research study.

3.3.7.2 Bracketing

Chan *et al.* (2013) argued that bracketing helps the researcher to manage his own experiences in order not to influence the respondents understanding of the phenomenon being investigated. Bracketing facilitated achievement of trustworthiness of the results and addressing the bias of the researcher as a result of pre-knowledge and experience in the phenomena being studied (*ibid*). Crotty (1996) argued that qualitative researchers cannot be totally objective. Prior knowledge of the subject of the phenomenon being studied could easily become a barrier towards the process of undertaking a thorough research study, and therefore bracketing strategies employed throughout the study is critical in undertaking a proper study (Chan *et al.*, 2013). Bracketing involved the honest introspection of attitudes and values together with identification of potential biases that could affect the study. Wall *et al.* (2004) advise about keeping a research diary for bracketing the researcher's biases during the research process. However, Chan *et al.* (2013) outline four basic strategies for appropriate bracketing; mental preparedness, deciding on the scope of literature review, planning data collection and analysis.
The researcher bracketed his thoughts and opinions in order not to interfere with research findings by mental preparedness, an early decision on the scope of literature review, planning for data collection, and data analysis. The researcher bracketed his thoughts throughout the research process so as not to allow his perceptions not to influence the research findings.

- **Mental preparedness:** the strategy for preparedness involved a researcher putting aside his point of view throughout the research process, and the researcher had to be curious about the likely outcome of the study. This facilitated the researcher to honestly delineate his mind-set from the research findings, therefore, establishing credible results.

- **A decision on the scope of literature review:** the strategy suggested by Chan *et al.,* (2013) with regard to a decision of the literature review was about undertaking a literature review without allowing the results of a literature

review to influence the findings of the study. The scope of the literature review was adequate and had to effectively address the phenomena being studied but also leave room for curiosity about the research findings.

- **Planning data collection:** a major objective of cross-sectional study which was undertaken was to gain a deeper understanding of the experiences of the respondents. Cross-border framework for Kenya Commercial Bank is an architecture undertaken by policy makers and employees of the bank. The manner in which questions during the interview were posed could have easily affected the nature of responses. Interview questions do not have to be leading questions, but the questions have to be focused on the phenomena being investigated with curiosity to establish the experience and knowledge of the respondents. The research questions have to develop the research objectives.

- **Data analysis:** the process and approaches for undertaking data analysis are critical in the development of knowledge and real experiences of the respondents. Data analysis should be undertaken with due diligence to prevent the interference from the researcher's own experience and knowledge. Bracketing is undertaken by taking due care that the perceptions, attitude, beliefs, and mind-set of the researcher do not interfere with data analysis and interpretations.

In order to ensure the appropriate bracketing, the researcher kept a research diary from the onset of the research process to vet the diverse views throughout the research process from the onset. The researcher was documented preconceived ideas regarding cross-border ventures, emotions, and experiences.

3.3.8 Data Management

The researcher carefully planned data collection, editing, transforming and facilitate accurate and efficient analysis of qualitative data. Prior to this exercise, the data were taken through a process of cleaning-up aimed at identifying and eliminating errors in data collection. The task involved editing for completeness, accuracy and uniformity. The interview guides were analysed for accuracy, consistency and completeness of the information. This was followed by coding the close-ended questions; pre-coded answers from the semi-structured questions was be coded. The open-ended questions of the sub-themes were developed. This was done by looking through each question and answer for particular variables. The interview notes were analysed for accuracy, consistency and completeness of the information. Pre-coded answers from the semi-

structured questions was be coded. The open-ended questions of the sub-themes were developed. This was done by looking through each question and answer for particular varo ensure reliability, interviews were recorded. Quotations and interview excerpts were used to reflect on the participants' voices in the interpretative inquiry (De Vos, Strydom & Delport, 2005; Leedy & Ormrod, 2001: 164).

The researcher undertook data management by cleaning-up data collected with aim of eliminating errors in data collection. This was by editing for completeness, accuracy and uniformity. The interview notes were analysed for accuracy, consistency and completeness of the information.

3.3.9 Qualitative Data Analysis

This section provides the process for analysing qualitative data and explains the use of qualitative data analysis tool MAXqda.

3.3.9.1 Data analysis process

This section provides mechanisms that were used for analysis of qualitative data beginning from familiarisation, reflection, and conceptualisation, cataloguing of concepts, re-coding, linking, and re-evaluation.

3.3.9.1.1 Familiarisation

The researcher begun the process of qualitative data analysis by familiarisation of the data by reading transcripts, draw unrecorded information as well as recorded information. The researcher, while reading, drew on unrecorded as well as recorded information. This was supported by additional field notes as well as the personal research diary to support the process of data analysis. This is in accordance to Glaser (1978), who suggested that the initial stage of qualitative data analysis is that the researcher has to remind him or her focus of the study, what the data suggests and whose point of view is being expressed. This facilitated the researcher to account for the relationship between the research and opinions of those being interviewed.

3.3.9.1.2 Reflection

The second stage of qualitative data analysis involved reflection. The researcher tried as much as possible to make sense of the rich data from the field in relation to the existing knowledge, assessing areas where existing knowledge was being challenged, where previous unanswered questions had been answered, differences between the existing knowledge and field findings, and ascertaining differences. This stage of evaluation and critiquing was evident as the collected data was evaluated in relation to previous research, academic texts and common sense explanations. Easterby-Smith *et al* (2012) guided the researcher with the questions for proper reflection included:

a. Does it support existing knowledge? Both from literature review and quantitative?

b. Does it challenge it?

c. Does it answer previously unanswered questions?

d. What is different?

e. Is it different?

The above named questions were used by the researcher in order to make an appropriate reflection on the findings in the field together with the process of report writing.

3.3.9.1.3 Conceptualisation

The next stage of data analysis involved conceptualisation of the study in relation to the field data. Upon reflection, the concepts begun to emerge in relation to collected data. Conceptualisation was important for understanding the prevailing phenomena and reflection aided in understanding what was going on in the field of cross-border strategies and competitiveness. The concepts that were articulated as explanatory variables needed to be coded (Easterby-Smith *et al.,* 2012). Charmaz (2006) suggested that shouldn't be simple and precise and actions reserved with the process remaining open, and the researcher had to stay close to the data.

The process of conceptualisation was undertaken by highlighting open coding, axial coding and selective coding of the field data.

3.3.9.1.4 Cataloguing concepts

The researcher catalogued the concepts that had been established. The codes and sub-codes that had been established in participant's explanations were transferred to MAXqda. The concepts that seemed to occur in people's explanations had to be transferred to a data base. Focused codes were directed and more conceptual while analytical and axial codes specified categories or sub-categories and specify the dimension of a category (Easterby-Smith *et al*, 2012). The researcher at this point at this stage introduced his own terms to replace the words used by interviewees but also provided a trace that is kept on how they were derived.

3.3.9.1.4.1 Open coding

The researcher, in the process of cataloguing concepts resumed with open coding as the first step in coding where the researcher looks for distinct concepts and categories in the data. This was the part of analysis concerned with identifying, naming, categorizing and describing phenomena found in the text (Borgatti, 2009). The researcher undertook open coding through identification, naming, categorisation and description of phenomena found in the texts from the semi-structured and structured participant interviews.

3.3.9.1.4.2 Axial coding

The researcher subsequently undertook axial coding that relating to the different codes. Axial coding is the process of relating codes categories and properties to each other by use of various inductive and deductive mechanisms (Borgatti, 2012). The process of conceptualisation was undertaken by highlighting open, axial and selective coding of the field data.

3.3.9.1.4.3 Selective coding

Selective coding involved the process of selecting one category to be the core category and relating all the other categories to that category (Easterby-Smith *et al*, 2012). The main objective was to come up with a single story where all the other stories are draped. The researcher finally undertook selective coding by coming up with a linkage in relationships between the codes to have a single story.

3.3.9.1.4.4 Re-coding

The researcher used computer package MAXqda for coding and re-coding. The process was highly iterative and where there was need for an element of going back to check against original data and comparing incidents in order to identify particular properties (Easterby-Smith *et al*, 2012), the researcher undertook due care. It may still be individuals in the same organisation interpreting what appears to be a similar concept in very different ways (*ibid)*. The researcher was careful while undertaking the coding and re-coding process as there could have easily been instances of mistaking the explanation of the participants emerging themes. These researcher rechecked cases of controversy and mistakes in recording.

3.3.9.1.4.5 Linking

Linking of the findings was critical in the establishment of a framework or a framework for cross-border venture by the Kenya Commercial Bank. The process of coding and re-coding facilitated the researcher to explain patterns emerging between concepts. The researcher was aided by MAXqda to develop a theoretical coded analysis. Linking is achieved by conceptualising 'how substantive codes may relate to each other as hypotheses to be integrated into a theory (Charmaz, 2006:121-49). The researcher linked two or more variables into those cross-border strategies with competitiveness into a more holistic theory. In order to aid evaluation and critiquing of the emerging theory, the researcher produced a draft that was presented to experts in the area. This was aimed at obtaining arguments for and against the emerging theory or framework for wider scrutiny and some degree of verification.

3.3.9.1.4.6 Re-evaluation

The researcher undertook re-evaluation of the findings of qualitative data collection in the light of comments from the supervisor, Kenya Commercial Bank and other researchers. In order to facilitate proper re-evaluation, the researcher made presentation of preliminary findings to management of Kenya Commercial Bank headquarters in Nairobi. The preliminary report was made before presentation was made to top management of Kenya Commercial Bank headquarters in Nairobi. The researcher took due diligence in enlisting all the comments and reviews of the study. This facilitated in the decision whether more qualitative data needed to be collected in some areas of the study. Re-evaluation involved analysing whether the analysis may have omitted some factors or have

overemphasized others (Easterby-Smith *et al*, 2012). The researcher committed appropriate time for reviewing the findings in collaboration with the supervisor.

3.3.9.2 Qualitative Data Analysis by use of MAXqda

Qualitative data was analysed using a qualitative data software analysis tool MAXqda. The software has capabilities like other CAQDAS packages with general array of tools that make structuring and managing large volumes of data easier and increase the accessibility of data (Easterby-Smith *et al*, 2012). MAXqda is purposefully built for analysing content and thick description qualitative data analysis. The qualitative software had abilities of creating themes and subthemes for MAXqda software was undertake the entire project management, data management, searching and mapping data, analysis, sharing and outputs (Easterby-Smith *et al*, 2012).

3.3.9.2.1 Project management

The researcher established a project for the qualitative data analysis that was named Kenya Commercial Bank cross-border project. MAXqda used project management that is plan; manage the qualitative project with the assistance of memos, project diaries and other features. The researcher constituted diverse interviews to be undertaken as the KCB cross-border project. The emerging qualitative data was entered to MAXqda with the different title for ease of tracking.

3.3.9.2.2 Data management

MAXqda was used to support a wide range of document types together with large volumes and creation of audit trails. The software undertook detailed and customisation of themes together with the development of ideas memos and annotations, aided in tagging and organizing together structuring data and development of ideas. The process of understanding qualitative piece of data in terms of the critical part of the strategy and dynamics of the strategy involved effective management of qualitative data.

3.3.9.2.3 Searching and mapping

MAXqda with dynamic capabilities from simple word searching and complicated multiple attributes, searches were undertaken in order to interrogate data sets and retrieve coded data. This facilitated the creation of data maps, charts and relationship diagrams (Easterby-Smith *et al*, 2012). This was ideal for the creation of frameworks, charts and a relationship diagram highlighting the relationships in cross-border ventures by the Kenya Commercial Bank.

3.3.9.2.4 Data analysis

MAXqda was used for analysis of structured and semi-structured interview guides. Coding facilitated thematic analysis of data and enabled the researcher to make sense of and conceptualise data. The software was also used for re-coding data and linking themes that facilitated the process of coming up with themes for developing ideas in memos This aided continuity therefore increasing the overall transparency of the analysis process (Easterby-Smith *et al*, 2012).

3.3.9.2.5 Sharing and outputs

MAXqda was used for the generation of reports, frameworks and charts which facilitated visualisation of data being conceptualised and relationships that are being formed. Qualitative data was used for backing up the quantitative data together with the establishment of a framework for cross-border banking in East Africa.

SECTION 3: SYNTHESIS OF THE MIXED METHOD FINDINGS

The aim of this section is to indicate that before the final chapter, the researcher intended to integrate the findings of the quantitative and qualitative methods by bringing together the two datasets with a view of arriving at a complete picture of mixing the quantitative and the qualitative methodologies (Creswell & Clark, 2007).

This was followed by a compilation of the findings and discussing all aspects of the research process including the findings.

3.4.1.0 Quantitative findings

Quantitative data that was collected using questionnaires was analysed by the use of excel and SPSS. The analysed quantitative data provided descriptive and inferential statistical data; frequency, frequency tables, graphs, pie charts, mean and mode are describing the data, correlation coefficients.
The background variables in the study; sex, age, experience, level of education were used for understanding the sample that was used for scientific inquiry. This facilitated the understanding of the population characteristics of the study. The cross-border strategies relationship with competitiveness was described by use of frequency tables, graphs, and pie charts to highlight the dominance of the strategies and relevance to competitiveness. The researcher also used inferential statistics for studying the relationships between the strategies and the diverse aspects of competitiveness; efficiency, risk management, learning and innovation. The correlation coefficients for the different sub variables of the strategies were computed and the analysis highlighted. The researcher also used t-test for testing the hypotheses while the value for positive hypotheses was also established. This provided the researcher with insight on the hypotheses in relation to the study area. The researcher used regression analysis for all the variables determining the relationship between the study variables and competitiveness. The different strategies employed was be regressed against competitiveness. The first step in data collection and analysis was undertaken to validate the conceptual framework for cross-border banking for competitiveness by the Kenya Commercial Bank. Quantitative data findings provided a general understanding of the research problem and the qualitative data findings provided an in-depth understanding of the research problem.

3.4.2.0 Qualitative findings

In accordance with the research design adopted by the researcher, the mixed sequential explanatory design consisted of two distinct phases; quantitative followed by qualitative (Creswell, Plano Clark, *et al*, 2003). The researcher subsequently undertook qualitative data collection and analysis. The researcher at this second stage of data collection and analysis used qualitative methods of collection and analysis. The researcher used thick description theory in qualitative data analysis by use of MAXqda qualitative data analysis software.

The approach systematically followed the process of data analysis; reflection, conceptualisation, cataloguing of concepts, recoding, linking and re-evaluation. This provided the researcher with qualitative findings and interpretation of the qualitative part of the data. The qualitative body of knowledge was compared with the quantitative body of knowledge to determine the level of data convergence. The researcher undertook a critical examination of divergences and convergence between the quantitative and qualitative findings. Critical examination of findings for quantitative and qualitative was undertaken by asking questions as suggested by Easterby-Smith *et al*., (2012) as follows: -

a) Does qualitative data support quantitative knowledge?
b) Does it challenge it?
c) What was similar to quantitative and qualitative?
d) What is different?
e) Is it different?

This enabled the researcher to come up with areas of divergence and convergence. The points of convergence and divergence were critical for refining and explanation of statistical results by exploring the participants' views in more depth (Crossman & Wilson, 1985; Tashakkori & Teddlie, 1998; Creswell, 2004). The qualitative statements that supported the quantitative data were used in supporting the quantitative data. The explanations backing the phenomena established in quantitative data analysis were also used in report writing. Quantitative findings from descriptive and inferential statistics were tested for support by qualitative statements.

The thick description statements that supported the findings in the quantitative findings were used to back up the quantitative findings. This was together with qualitative statements that provided insight on the justification of quantitative findings. The descriptive and inferential findings that are supported by qualitative

findings were supported by use of qualitative statements. The researcher didn't ignore points of divergence between the quantitative and qualitative this was handled in comparison with reviewed literature.

3.4.3.0 Ethical Considerations

Berg (1989) argues that a researcher has ethical obligations to uphold high levels of ethical conduct for the institution, respondents, and society in general. The researcher has always sought for consent from the respondents before administering the questionnaire, interviewing, or undertaking an observation as respondents cannot be forced to take part in the research study (Linde, 2007; Creswell, 2008). Berg (1989) asserts that ethical issues that the researcher has to take care of include; privacy, confidentiality, physical safety and informed consent. The researcher undertook to conduct the interviews in an appropriate and safe environment that are not risky to harmful and intrusive to the privacy of the respondents. Cooper and Schindler (2003) argue that integrity as a vital component of the research implies that the researcher ensures that the results are accurate and meet the highest standards during the research process in line with the key principles as shown in **Table 3.5** below.

Table 3.5: Key principles in research ethics

1.	Ensuring no harm comes to particular participants
2.	Respecting the dignity of research participants
3.	Ensuring fully informed consent of research participants
4.	Protecting privacy of research subjects
5.	Ensuring confidentiality of research data
6.	Protecting anonymity of individuals or organisations
7.	Avoiding deception about the nature or aims of research
8.	Declaration of affiliations, funding sources, and conflicts of interest
9.	Honesty and transparency in communication about the research
10.	Avoidance of misleading or false reporting of research findings

Source: Easterby-Smith et al. (2012).

The researcher undertook the study with due regard of the research standards of University of South Africa. The process of conducting the study was undertaken with the guidance and support of academic promoter assigned by the Graduate School of Business Leadership University of South Africa. The principles as enshrined in the UNISA research and ethical procedures requires the researcher to uphold the ethics in undertaking disciplined research under the guidance and support of academic promoter. The study had to be presented in the different colloquiums right from the proposal stage and literature review, methodology **(appendix xi),** ethical clearance **(appendix xxi), preparation for data collection (appendix i-iii & xiii)** data collection in the field **(appendix xxiv-xx),** data analysis **(appendix xxiv-xvii)**, findings **(appendix xxviii),** and presentation of thesis for examination **(appendix xxx).** Ethical consinerations throughout the research process were strictly adhered as per the guidelines highlighted by Smith et al., (2012) in **table 3.5** above.The researcher undertook due consinderation of the likely ethical issues that would emerge at each stage of the research process and put in place mechanisms for adherence with support and guidance by the promoter.

- **Beneficence and no harm:** the researcher in the process of undertaking the study took due care to ensure there was beneficence and no harm to the respondents in the process of undertaking the study. According to Burns and Grove (2005)"discomfort and harm can be physiological, emotional, social and economic in nature". The researcher undertook diligent to ensure that physiological, emotional and economic harm in the process of undertaking the study would not implicated on Kenya commercial bank. Beauchamp and Childress, (2001) suggest that "the principle of beneficence includes the professional mandate to do effective and significant research so as to better serve and promote the welfare of our constituents". Permission was sought from the bank in relation to the data collection on employees and customers in relation to cross-border banking strategy and competitiveness. Preliminary discussion resulted in the review of the questionnaire and interview guide with respondents to avoid economic harm to Kenya Commercial Bank. The researcher also signed an agreement subject the publications to approval of Kenya commercial as a means of mitigation harm. Application for ethical clearance to undertake research for the UNISA as per the University of South Africa guidelines in (**appendix xi)** provides for assessment of no harm to the respondents. The University of South Africa RERC committee assessed the researcher's application for data collection on the criteria of beneficence and no harm and subsequently permitted the researcher to undertake the study **(appendix xxi)**. The researcher requested KCB for permission to undertake

research study and subsequently permission granted on assurance of beneficence and no harm **(appendix xxii-xxiii)**.

- **Confidentiality:** According to the professional code they can not reveal confidential information not even to the members of the research team. Levine (1976) advocates that confidentiality means that individuals are free to give and withhold as much information as they wish to the person they choose. The researcher is responsible to "maintain confidentiality that goes beyond ordinary loyalty". The researcher undertook due care to ensure that confidentiality is upheld. The researcher undertook diligence in ensuring information in relation to individuals and Kenya Commercial bank was held in confidence. There was a commitment by the researcher to uphold confidentiality. The researcher signed a confidentiality agreement with the bank not divulge information and in case of a publication had to be undertaken with approval of the bank. Clarke (1999) argues that the ethical dilemma of confidentiality must not be broken because of the moral duty of the researcher to protect society. The researcher signed a confidentiality agreement with bank. The researcher committed to confidentiality by signing a confidentiality agreement with UNISA ethical principles as per (**appendix xxii).** The researcher committed to confidentiality by signing an agreement with data analyst **appendix xxiv.** The entire research teams were trained on confidentiality and appointment letters required the members to uphold confidentiality **(appendix xv-xx)**.

- **Anonymity:** the research undertook diligent care of upholding ethical standard of anonymity. Anonymity involves management of private information by the researcher in order to protect the subject's identity (Nieswiadomy, 2007). In view of the study the research in administration and interpretation of questionnaires and interviews the identity of the respondents was protected. The identity of respondents for self administered questionnaires was also hidden as a means of upholding anonymity. Qualitative phase of the study which involved interviews the respondents were given pseudo names as a means of hiding the identity of the respondents that were interviewed. The questionnaire administered for collection of data from the employees, agents, and customers adhered to the ethical principal of anonymity. The principle of anonymity was also adhered use of the letter of introduction **(appendix iii)**, request for interview and questionnaire participation (**appendix xiv-xvi),** questionnaire **(appendix xi),** and Interview guides **(appendix vi-x)**.

- **Informed consent**: the researcher in the process of data collection took diligent care to ensure that informed consent was upheld. The researcher

sought informed consent from the respondents in writing for both from the respondents that received the questionnaires and interviewees. Informed consent is the major ethical issue in conducting research. Informed consent "involves allowing a person knowingly, voluntarily and intelligently, and in a clear and manifest way, to give consent" (Armiger, 1997). Involvement of the respondents in the research process was voluntary as all due information was provided to the respondents who were at liberty to decline the filling of a questionnaire or interview before or during the data collection. This was undertaken by use of informed consent form as per the attachments in the appendices; request for permission from KCB-**(appendix i)**, request for permission from National Commission for Technology and Innovation-**(appendix ii)**, questionnaire-**(appendix vi)**, Interview guides **(appendix vi-x)**, informed consent form **(appendix xiv-xv),** and approval by KCB for the researcher to undertake the study **(appendix xxii-xxiii)**. The training for the data collectors and appointment letters for the research team incorporated informed consent **(appendix xv-xx)***.* The informed consent incorporates the rights of autonomous individuals through self- determination and promotes the integrity of the respondent and protects personal liberty and veracity (Fouka & Mantzorou, 2011). The consent of the respondents was critical in the data collection of the data.

3.5 Chapter Summary

This chapter provides the methodology that was used for undertaking the study. A cross-sectional survey and a mix of quantitative and qualitative research paradigms were used. The literature revealed that importance of the use of mixed methods research design as an appropriate blue print for studying cross-border dynamics.

The chapter also identifies the statement of the problem as a critical examination of a cross-border framework for gaining a competitive advantage by the Kenya Commercial Bank. The research problem was expounded by research questions and hypotheses. These were aligned with the purpose of the study and the specific objectives of the study. The researcher was taken due care in aligning the research problem with a research paradigm in the context of the theory and body of knowledge. The researcher was the use of the sequential approach while conducting data collection has also been highlighted in this chapter. Since the study was undertaken in the Kenya Commercial Bank, which is the biggest bank in East and Central Africa, the researcher as much as possible adhered to the highest levels of professionalism and ethical conduct as explained in this chapter.

The next chapter deals with the research results.

CHAPTER FOUR: FINDINGS, INTERPRETATION, AND DISCUSSIONS

4.0 Introduction

The previous chapter dealt with the research design and methodology used for data collection in context to the research problem and purpose. Chapter two undertook literature review providing a theoretical and empirical review of cross-border strategies and competitiveness. This chapter presents the findings, interpretation, and discussion of the findings.

The purpose of the study was to develop an appropriate framework for cross-border banking competitiveness in East Africa using quantitative methods. Furthermore, the chapter presents quantitative and qualitative findings based on data collected from employees and agents regarding the Kenya Commercial Bank. The employees and agents have knowledgeable and experience in cross-border banking in East Africa. The aforesaid areas were covered in terms of the quantitative, qualitative and mixed method research approaches. The researcher undertook due care in upholding the highest level of ethical consideration in the process of collection, analysis, and interpretation of the research findings.

The findings have also been presented by analysis of quantitative, qualitative and synthesis of mixed method data. The cross-border strategies: global, transnational, and multi-domestic were examined in relation to competitiveness. Political and socio-cultural environments moderating cross-border strategies and competitiveness were also assessed to evaluate the impact on strategy development and competitiveness. Research hypotheses earlier developed were tested in relation to the impact of political and socio-cultural environments on cross-border strategy and competitiveness. Different cross-border strategies were examined on the basis of competitiveness: efficiency, risk management, learning, and innovation. This study, therefore, focused on the development of an appropriate framework for cross-border banking in East Africa. Kenya Commercial was used as a case for studying the phenomena of cross-border banking. This was in accordance with the mixed methodology earlier proposed started with quantitative, and followed by qualitative analysis.

The quantitative findings have been presented using descriptive, cross-tabulation, correlation, and regression analysis. Furthermore, descriptive data has been presented using tables, pie charts, bar graphs and figures for comparative purposes. Inferential statistics have been presented using

correlation and regression using tables. Correlation has been mainly for tracing relationships and testing hypotheses. The relationships between the strategies employed with competitiveness have been appropriately correlated interpretations, and discussions thereto have been provided. Correlation coefficients were also determined the direction and strength of relationships between the variables under investigation. Hypotheses testing was undertaken to determine acceptance or rejection of the hypotheses. Regression analysis facilitated understanding of relationships among variables and development of the framework. This framework was further confirmed using confirmatory factor analysis.

This chapter is divided into three sections quantitative, qualitative and synthesis of mixed methods. The aforementioned findings, interpretations, and discussions are based on the quantitative and qualitative data collected from the cross-border subsidiaries and headquarters of Kenya Commercial Bank. This was based on opinions, knowledge, and experiences of stakeholders involved with Cross-border Kenya Commercial Bank.

SECTION ONE: QUANTITATIVE

4.1 Background

The background presents the quantitative research objectives of the study, response rate, demographic characteristics of the respondents, and descriptive results of the questionnaire, factor analysis, validity and reliability of the quantitative findings. The results have been systematically presented, interpreted and discussed. Background provides insight on the characteristics of the respondents in the study and underlying characteristics of the study population.

4.1.1 Quantitative research objectives

The major objective of the study is to development of an appropriate cross-border banking framework in East Africa for competitiveness. The quantitative objectives of the study are therefore as follows:

- To use the quantitative research survey methods to develop a quantitatively derived framework to determine the effect of global, a multi-domestic; and transnational strategy on gaining a competitive advantage by Kenya Commercial Bank in East Africa.

- To quantitatively test the hypotheses developed from theory regarding the influence of cross-border strategies for gaining a competitive advantage by Kenya Commercial Bank.

- To evaluate the effect of the socio-cultural environment as well as the political environment on cross-border strategy and competitiveness by Kenya Commercial Bank in Kenya.

4.1.2 Response rate

A total of 168 responses were received from the targeted 217 potential respondents, which constitutes a 77.4% response rate for the survey. Out of 168 respondents, 98.8% have completed all of the questions that were required to be answered, and 1.2% didn't fully answer all the questions. The responses were gathered from the three East African countries: Uganda, Rwanda, and Burundi using the Excel and SPSS software. The response rate for the quantitative data collection is presented in ***Table 4-1*** below:

Table 4-1: Response Rate

s/no	Country	Sample Size	Responses	Response Percentages
1.	Uganda	94	75	79.8%
2.	Rwanda	85	66	77.7%
3.	Burundi	38	27	71.1%
	Total	**217**	**168**	**77.4%**

Table 4-1 above provides information regarding responses for individual countries Uganda a total of 75 responses were received from the targeted 94 potential respondents, which constituted a 79.8% response rate for the survey, Rwanda had a total of 66 responses against targeted 85 constituting 77.6% and Burundi had a total of 27 against targeted 38 responses.

4.1.3 Demographic response analysis

The demographic response analysis has been provided using figures specifically highlighting; the category of respondents, country gender or sex, age, religion, level of education, the experience of respondents and position in the bank. The characteristics are critical in the description of the characteristics of the respondents together with the determination of appropriate cross-border framework for competitiveness in East Africa by KCB.

4.1.3.1 Category of the respondents

The researcher administered the questionnaire to the respondents in order to establish the distribution of categories of the respondents. The researcher had undertaken stratified sampling to capture the different characteristics of the population the employees, and agents. Establishment of the categories is critical in the determination of the reliability; understanding the representation of the sampling and credibility of data for development of an appropriate cross-border framework. The findings of the categories of the respondents are presented in ***Table 4-2*** and ***Figure 4-1*** below:

Table 4-2: Categories of Respondents

s/no	Category	Frequency	Percentages
1.	Agents	77	46%
2.	Employees	91	54%
3.	**Total**	**168**	**100%**

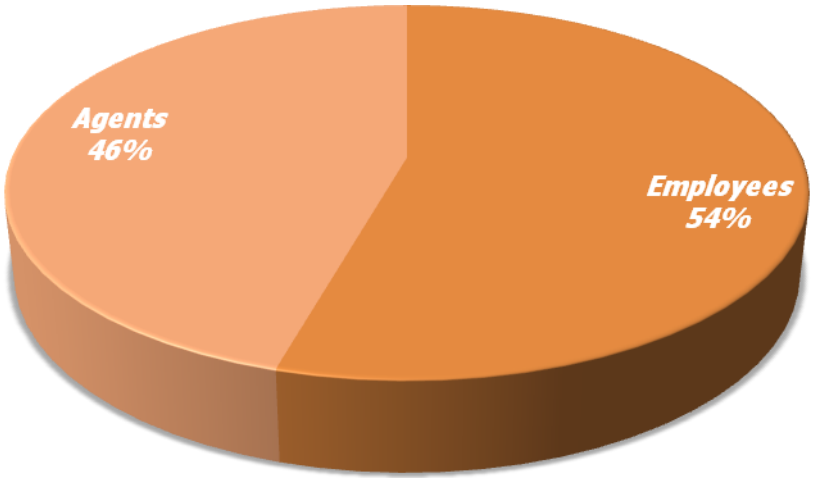

Figure 4-1: Categories of respondents

The study established that 46% of the respondents were agents and 54% were employees of Kenya Commercial Bank. The respondents that provided primary data for the quantitative data were people that undertake planning, execution, monitoring of Kenya commercial Bank. Their experience in cross-border banking is critical in shaping a robust cross-border strategy and framework for competitiveness. This is critical in frame working of an appropriate cross-border banking strategy for the success of Kenya Commercial Bank. Dolma (2010:169) asserted that in managerial sciences and organisational behaviour the unit of analysis entails top managers; middle managers; board members; employees; supervisors; work teams; business corporations and those persons that directly or indirectly contribute towards the organisation's success. Diefenbach (2008:879) further observes that the selection of the unit of investigation needs to provide assurance that the site together with a unit of analysis is suitable for investigation of the research problem and purpose of the study.

4.1.3.2 Country of Respondents

The researcher had undertaken cluster sampling cross-border subsidiaries for Kenya commercial bank in three countries; Uganda, Rwanda, and Burundi. Establishment of the countries of the respondents was critical in the determination of the fair distribution of the respondents and facilitated in determining the fair distribution of the respondents in cross-border banking. This was critical in understanding the representation of the sampling and credibility of data and contribution of the different countries in cross-border banking. The findings of the gender of the respondents are presented in ***Table 4-3 and figure 4-2 below***:

Table 4-3: Country of origin

s/no	Country	Responses	Response Percentages
1.	Uganda	77	46%
2.	Rwanda	64	38%
3.	Burundi	27	16%
	Total	**168**	**100%**

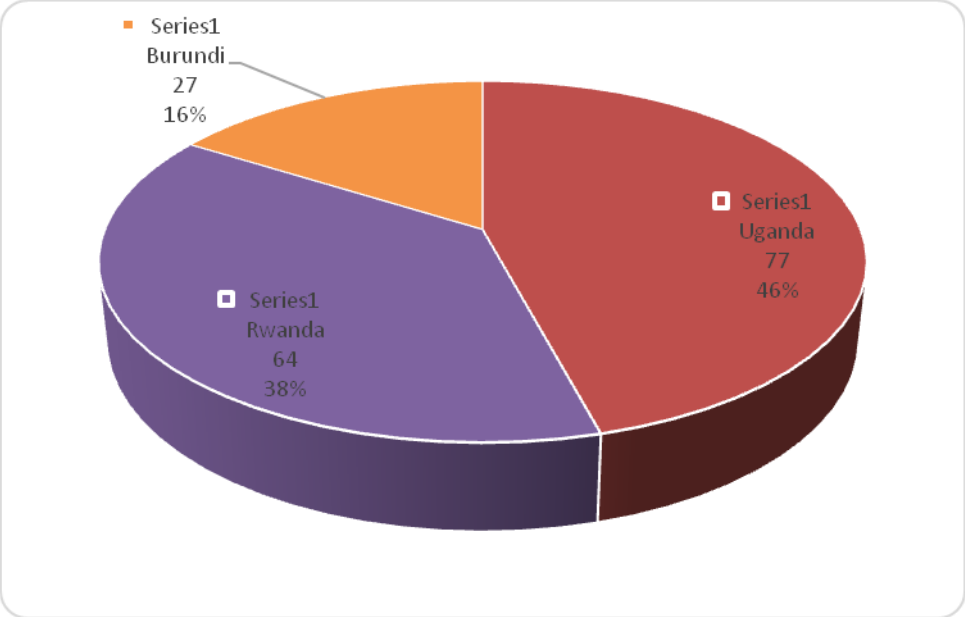

Figure 4-2: Country of origin

The study established that 46 % of the respondents were from Uganda 38 %, were from Rwanda and 16 % were from Burundi. The results of the study indicated that a majority of the respondents were from Uganda, followed by Rwanda and lastly Burundi. The findings are representative of the cross-border banking activities in three East African countries. Easterby-Smith *et al.* (2012) argue that cluster sampling is appropriate in situations where the populations are spread across different areas.

4.1.3.3 Gender of respondents

Gender characteristics of the respondents were critical in understanding gender participation and contribution of the different genders towards cross-border banking. The findings of the gender of the respondents are presented in **Table *4-4*** and ***Figure 4-3*** below:

Table 4-4: Gender distribution

	Frequency	Percent
Male	97	58
Female	71	42
Total	168	100.0

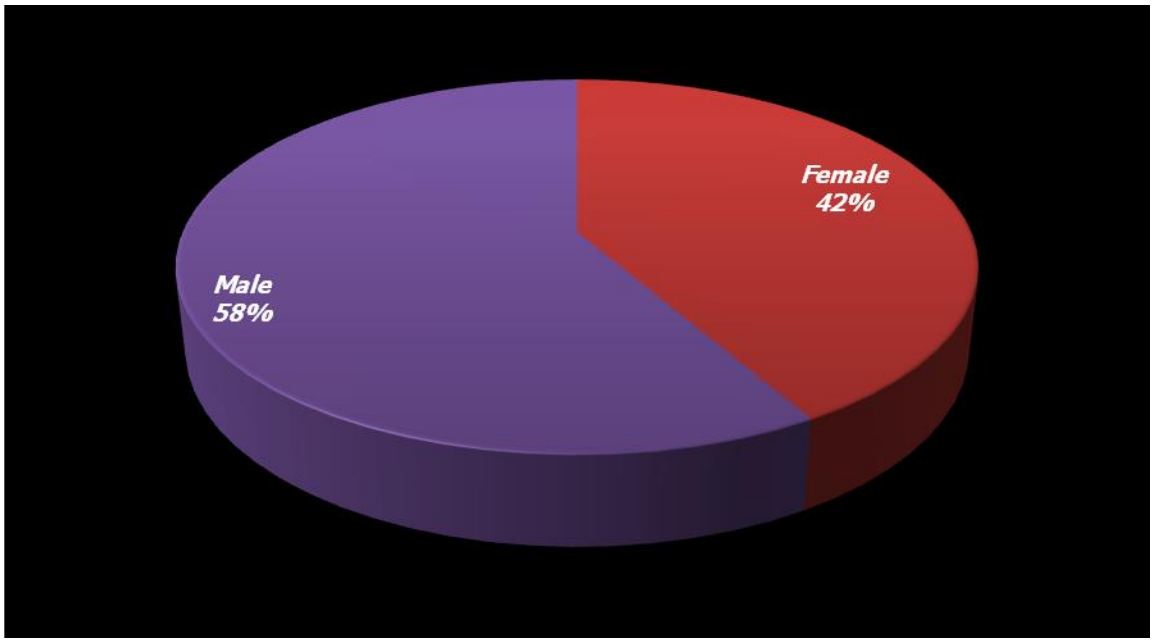

Figure 4-3: Gender distribution.

The study established that 58% of the respondents were male and 42% of the respondents were female. The results of the study indicated that a majority of the respondents in this study were male and female were a minority. Despite the differences in percentage, the gap wasn't very big indicating a fairly balanced sample for both gender groups. This highlights the fact there is a fair distribution between the males and females in engaged in cross-border banking in Kenya Commercial Bank. The selected sample had to be informative about the survey minority as well as the majority that could easily have dominated the sample (Easterby-Smith *et al.,* 2012). Stratification of the sample was imperative ensuring that the different characteristics of the population would take care of the different perceptions arising from the differences in the study population male and female employees and agents.

4.1.3.4 Age of respondents

The age characteristics of the respondents were critical in understanding the influence of credibility of the findings and determination of the most active age group in cross-border banking in Kenya Commercial Bank. The findings of the

age characteristics of the respondents that were involved in the study are presented in ***Table 4-5 and Figure 4.5*** below:

Table 4-5: Age distribution

s/no	Age Distribution	Frequency	Percentage
1.	18-29	38	22.4%
2.	30-39	80	47.8%
3.	40-49	36	21.60%
4.	50-59	14	8.20%
5.	**Total**	**168**	**100%**

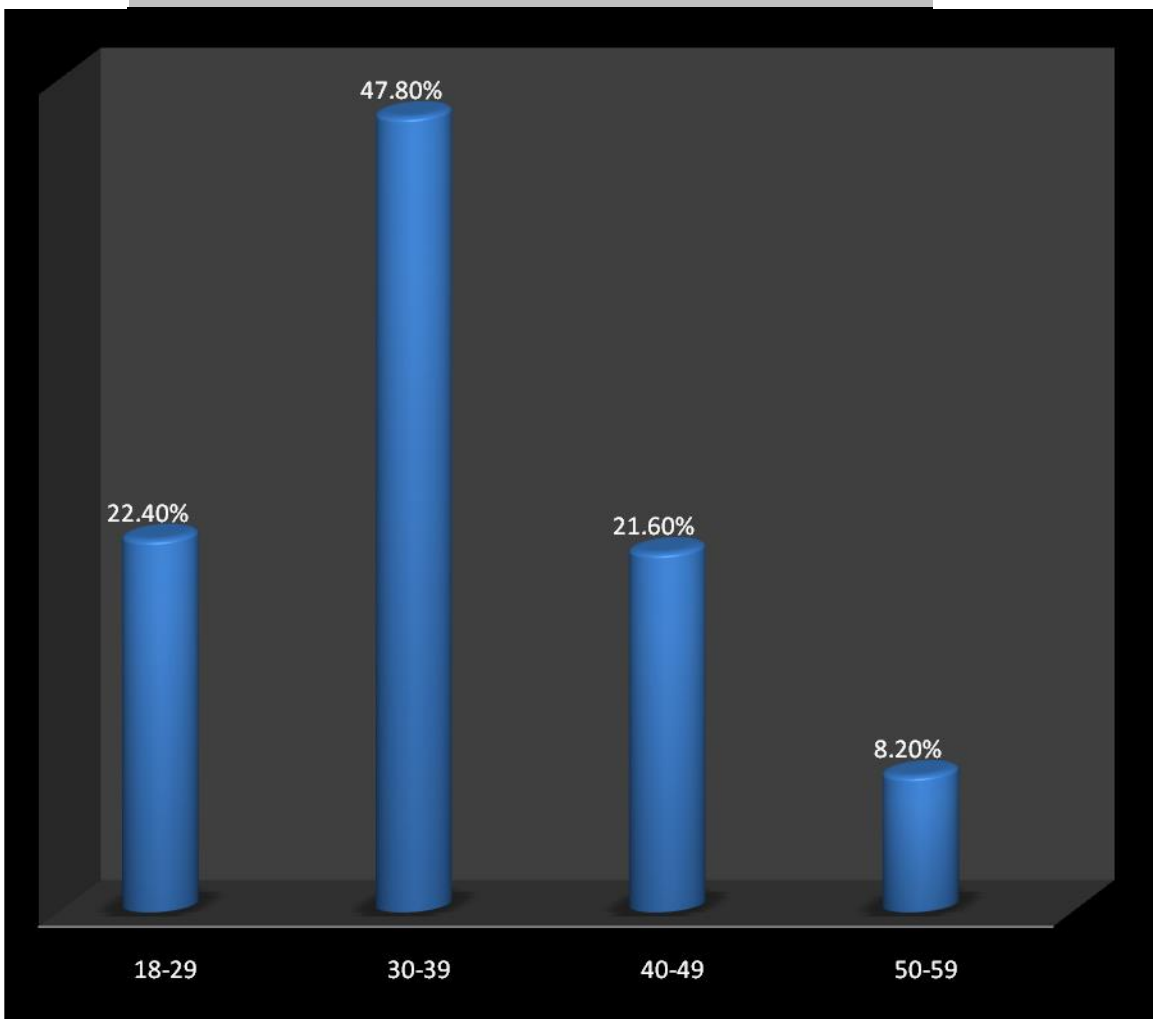

Figure 4-4: Showing Age distribution of the respondents.

The study established that 22.4 % of the respondents were aged between 18 to 29 years, 47.8 were aged between 30 to 39 years, 21.6 % were aged between 40 to 49 years, and 8.2 % were aged between 50 to 59 years. The majority of the respondents were aged between 30 to 39 years of age, implying that most of the employees and agents in cross-border banking are aged between 30-39 years of age. Kenya Commercial bank can design appropriate strategies to target the age groups for increased cross-border banking.

4.1.3.5 Religion of respondents

The researcher administered the questionnaire to the respondents in order to highlight the religion of the respondents. This was critical in understanding the influence of religious towards cross-border banking. The findings of the regions of the respondents are presented in ***Table 4-6 and Figure 4-5*** below:

Table 4-6: Religious Affiliation

s/no	Religion	Frequency	Percentage
1.	Catholic	30	18%
2.	Protestant	55	33%
3.	Muslim	32	19%
4.	Pentecostal	35	21%
5.	Others	16	9%
6.	**Total**	**168**	**100%**

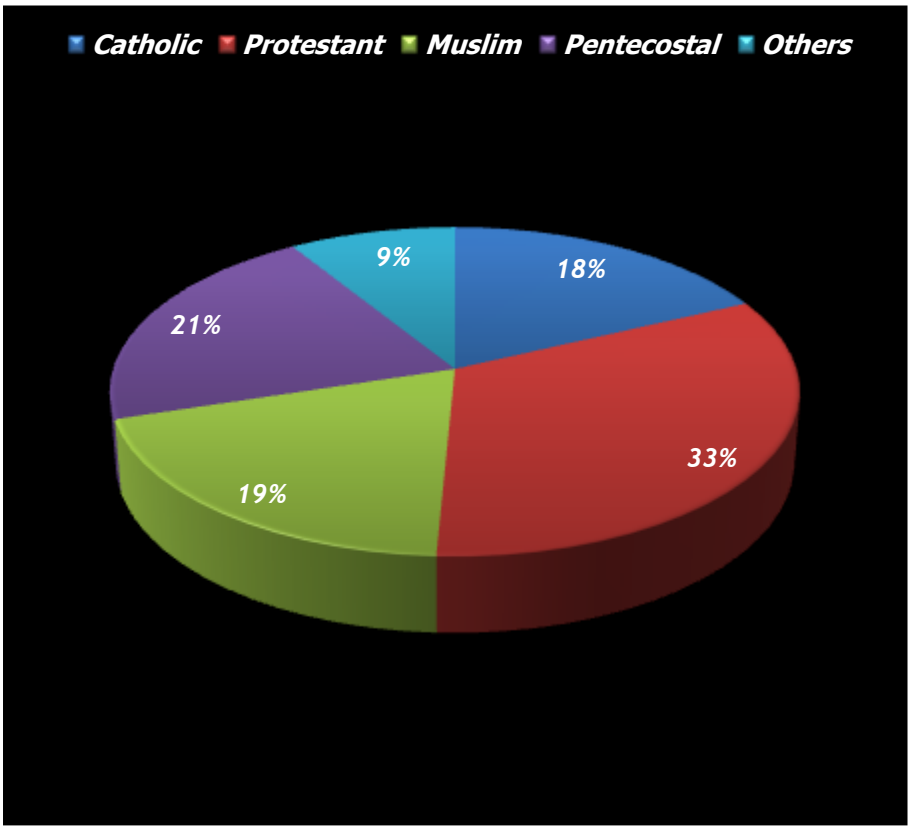

Figure 4-5: Religious Affiliation

The study established that 18% of the respondents were Catholic, 33% were Protestants, 19% were Muslims, 21% were Pentecostals, and 9% of the respondents were from other religious faiths. The results of the study indicated that a majority of the respondents were Christians while the minority was Muslims and other faiths.

4.1.3.6 Highest level of educational qualification

The researcher administered the questionnaire the respondents in order to the academic qualification of the respondents. The researcher had undertaken classified academic qualification; secondary education, certificate, diploma, bachelor's degree, master's degree and doctoral degree. The findings of the education level of the respondents are presented in ***Table 4-7 and Figure 4-6*** below:

Table 4-7: Educational Qualification.

s/no	Education Level	Frequency	Percentage
1.	Secondary	10	5.95%
2.	Certificate	14	8.33%
3.	Diploma	48	28.57%
4.	Bachelors	87	51.79%
5.	Masters	9	5.36%
6.	Doctorate	0	0%
7.	**Total**	**168**	**100%**

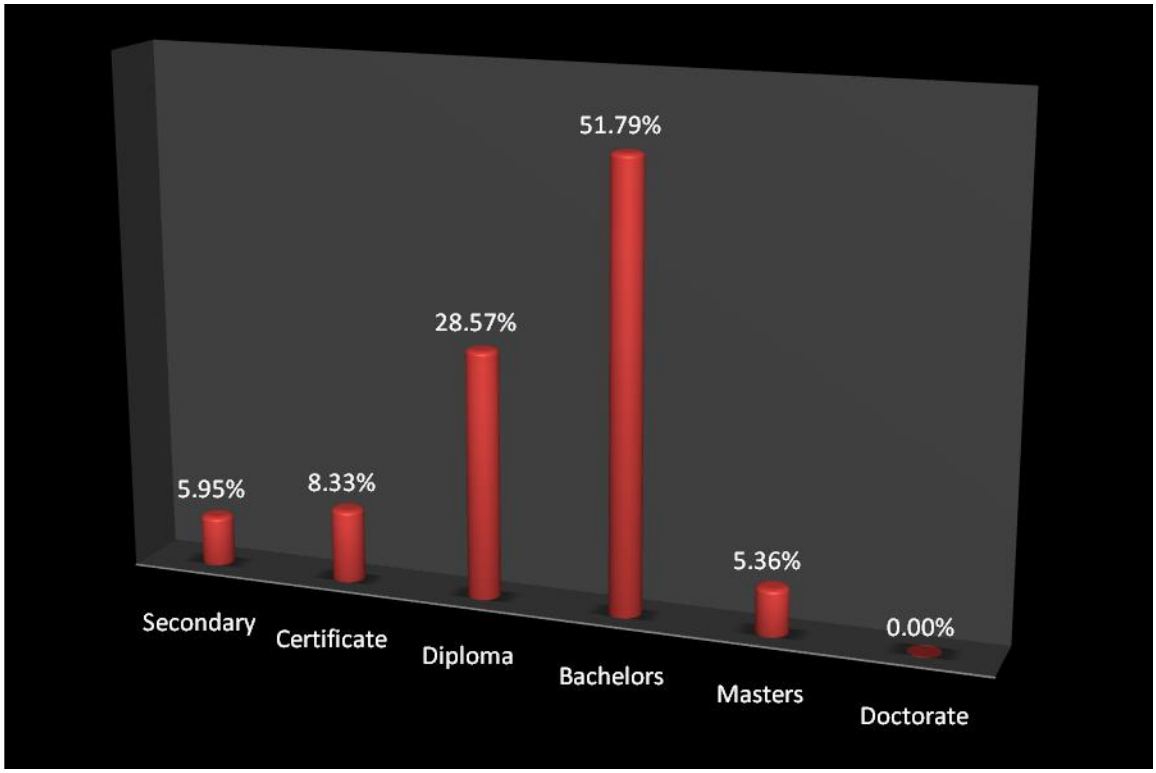

Figure 4-6: Educational Qualification

The study established that 5.8% of the respondents had secondary education, 8.5% had certificate education, 28.7% had a diploma, 51.6% had bachelor's degree, and 5.4% had Masters Degree. The findings of the study highlight a majority of the respondents had a formal education and the employment of strategies and mechanisms for competitiveness with skills as people involved in cross-border banking have a formal education. This is critical in modeling of an

appropriate cross-border banking strategy for the success of Kenya Commercial Bank.

4.1.3.7 Years spent in Kenya Commercial Bank

The researcher administered the questionnaire to the respondents in order to establish the experience of the respondents in terms of years spent with Kenya Commercial bank. Experience had been categorized for years 1-5 years, 6-9 years, 10 years and more. The findings of the experience of the respondents are presented in ***Table 4-8 and figure 4-7 below:***

Table 4-8: Experience of respondents

s/no	Experience	Frequency	Percentage
1.	Less Than 1 year	20	11.9%
2.	1 to 5 years	123	73.1%
3.	6 to 9 years	23	13.7%
4.	More than 10 years	2	1.3%
7.	**Total**	**168**	**100%**

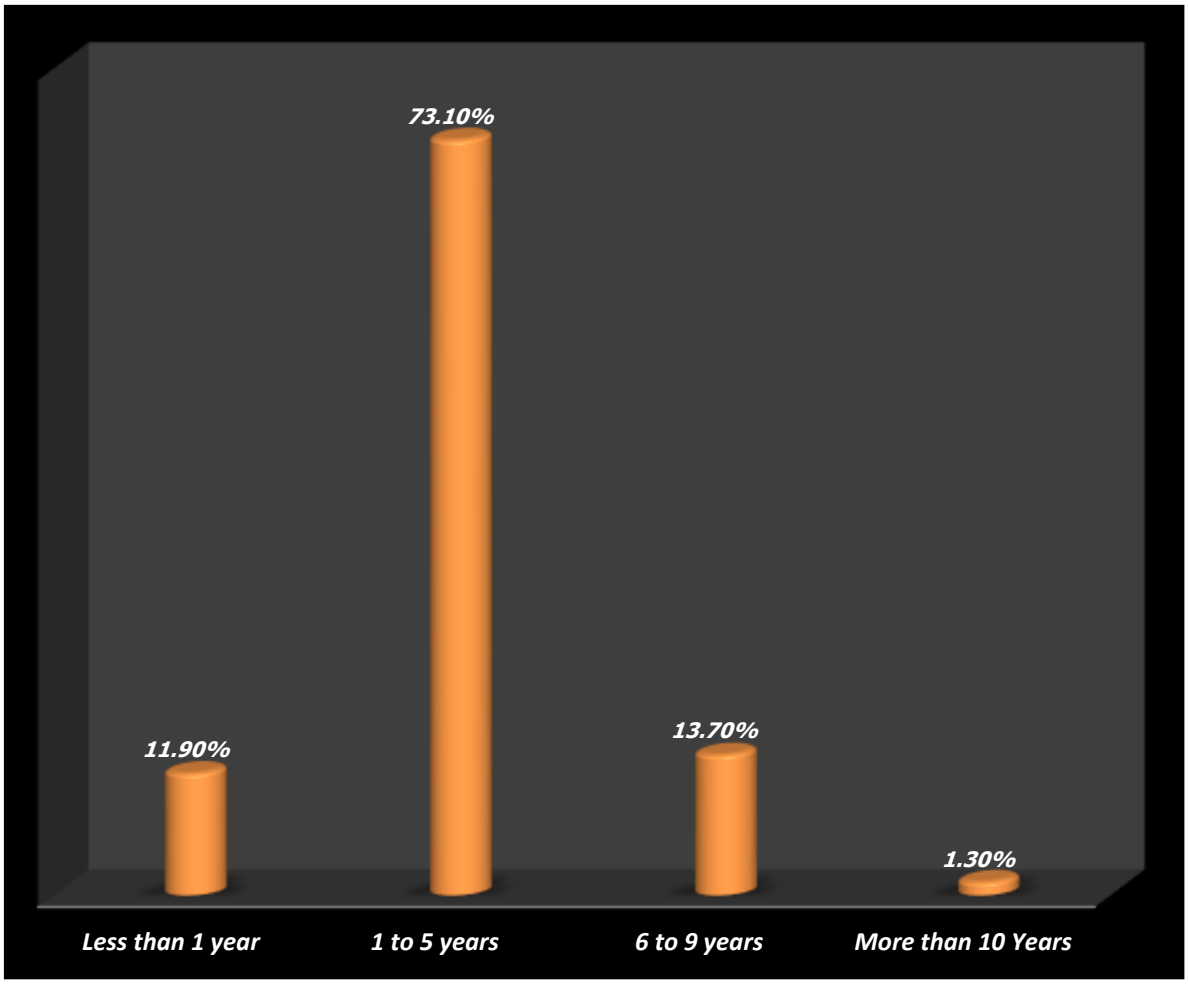

Figure 4-7: Level of Experience

The study established that 11.9% of the respondents had less than 1-year experience, 73.1% had 1 to 5 years of experience, 13.7% had 6-9 years, and 1.3% had more than 10 years of experience in Kenya commercial bank. The findings of the study highlight a majority of the respondents had adequate knowledge in the operations of Kenya Commercial Bank. This is critical in framework of an appropriate cross-border banking strategy for the success of Kenya Commercial Bank.

4.1.3.8 Position in the organisation

The researcher administered the questionnaire to the respondents in order to establish the experience of the respondents in terms of years spent with Kenya Commercial bank. Experience had been categorized for years 1-5 years, 6-9 years, 10 years and more. The findings of the experience of the respondents are presented in ***Table 4-9 and figure 4-8 below:***

Table 4-9: Position in the organisation

s/no	Position	Frequency	Percentage
1.	Top Level	10	6%
2.	Middle	27	16%
3.	Lower	49	29%
4.	Others	82	49%
7.	**Total**	**168**	**100%**

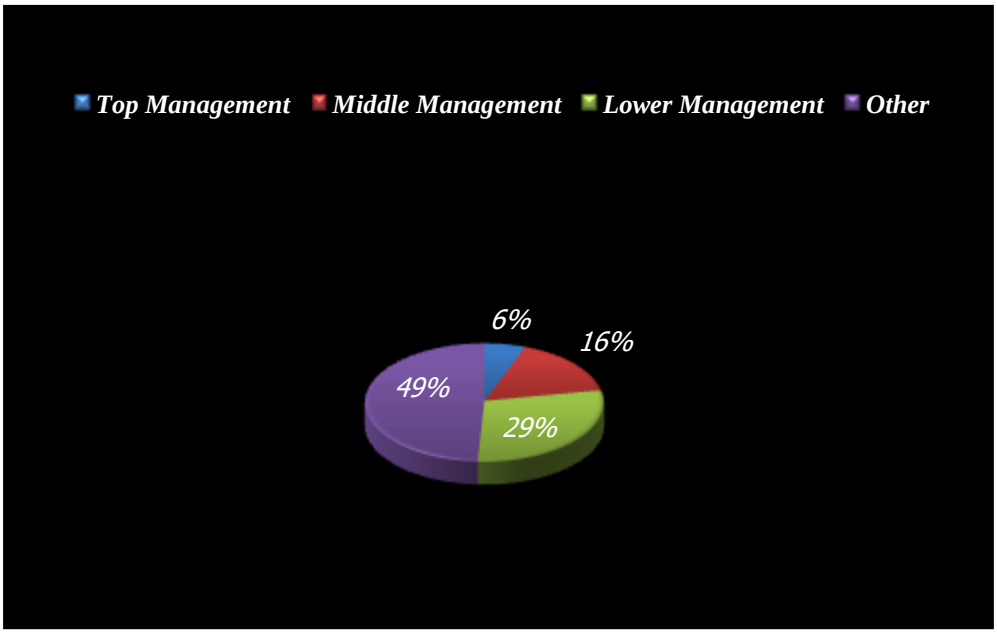

Figure 4-8: Position in the organisation

The study established that 45% of the respondents had 1-5 years' experience, 20% had 6-9 years and 20% had more than 10 years of experience in Kenya

commercial bank. The findings of the study highlight a majority of the respondents had adequate knowledge in the operations of Kenya Commercial Bank. This is critical in framework of an appropriate cross-border banking strategy for the success of Kenya Commercial Bank.

4.1.4 Descriptive results of the individual questionnaire items

According to Hussey and Hussey (1997:189), a useful first step in the analysis of quantitative data is to examine the frequency distribution for each variable to establish the numerical value, which represents the total number of responses for a variable under study. Frequency distribution was undertaken throughout the analysis of the questionnaire findings. According to Fink (1995:53), the results of statistical analyses are descriptions, relationships, comparisons, and predictions.
The survey results for the entire questionnaire together with the numeric value used in the statistical analysis presented. The data has been described in accordance with strategies in cross-border banking and moderating variables. The questionnaire has been described in accordance with global, multi-domestic, transnational, political environment and socio-cultural environment and competitive environment.

4.1.4.1 Global strategy

The respondents were asked to evaluate the effectiveness of global strategy on the enhancement of competitiveness using 14 question on the various parameters of competitiveness; efficiency, risk management, learning, and innovation. the questionnaire items that were assessed centralised planning, use of the same procedures across subsidiaries, use of the same policies across the different subsidiaries, standardisation of operations, focusing on enhancement of global appeal, management of cross-border banking by focusing global dynamics, and focusing on enhancement of global appeal.

The summary of the responses for the descriptive presented in ***Table 4.10*** below where **SA =strongly; A= Agree; NS =Not sure; DA=Disagree and SDA =strongly disagree:**

Table 4-10: Summary of responses: Global Strategy

Global Strategy	SA	A	NS	DA	SDA
KCB undertakes centralised planning	15%	59%	9%	11%	6%
KCB uses the same procedures across subsidiaries	30.1%	28.6%	17.9%	20.7%	2.7%
Use of the same policies enhances efficiency	10.8%	16.6%	8.4%	48.8%	15.4%
Use of the same policies enhances risk management	9.7%	20.7%	7.2%	43.8%	18.6%
Use of the same policies enhances learning and innovation	2.6%	7.5%	5.5%	37.9%	46.5%
Standardisation products and services enhances efficiency	18.7%	63.2%	5%	9.4%	3.7%
Standardisation products and services enhances risk management	14.2%	57.2%	8.4%	11.5%	8.7%
Standardisation products and services enhances learning and innovation	8.4%	25%	7.7%	30.4%	28.5%
Focusing on global appeal enhances efficiency	10.4%	55.4%	4.3%	15.4%	14.5%
Focusing on global appeal enhances risk management	12.1%	55.3%	7.3%	16.8%	8.5%
Focusing on global appeal enhances learning and innovation	15.9%	61.7%	9.7%	8.4%	4.5%
Focusing on global dynamics enhances efficiency	14.4%	62.5%	4.9%	12.3%	5.9%
Focusing on global dynamics enhances risk management	7.5%	59.7%	10.4%	18.1%	4.3%
Focusing on global dynamics enhances learning and innovation	25.5%	68.1%	4.1%	2.3%	0%

Responses to the questionnaires regarding global strategy highlighted KCB undertakes centralised planning (74%), use of the same policies enhances efficiency (27.4%), risk management (30.4%), learning and innovation (10.1%), standardisation of products and services enhances efficiency (81.9%), risk management (71.4%), learning and innovation (33.4%), focusing on global appeal enhances efficiency (65.8%), risk management (67.4%), learning and innovation (67.6%), focusing on global dynamics enhances efficiency (76.9%), risk management (67.2%), learning and innovation (93.6%).

The majority of the respondents generally agreed that use of the same procedures, policies, and standardisation of the subsidiary operations in cross-border banking doesn't encourage competitiveness. However, the respondents

felt that standardisation mainly enhances efficiency and risk management. The respondents also felt that pursuance of global appeal, focusing on global dynamics, and capturing of global appeal enhances competitiveness. The questionnaires highlighted under the global strategy pursuit of global appeal, dynamics and capturing of global appeal enhances all the aspects of competitiveness; efficiency, risk management, learning, and innovation.

4.1.4.2 Multi-domestic strategy

The respondents were asked to evaluate the effectiveness of multi-domestic strategy on the enhancement of competitiveness using 14 questions on the various parameters of competitiveness; efficiency, risk management, learning, and innovation. The questionnaire assessed decentralised planning, use of different organisation structures, use of different marketing strategies, use of different policies, use of independent HR management strategies and different management strategies. The summary of the responses for the descriptive presented in ***Table 4-11*** below:

Table 4-11: Summary of responses: Multi- National Strategy

Multi National Strategy	SA	A	NS	DA	SDA
KCB undertakes decentralised planning	15.4%	67.1%	8.2%	7.5%	1.8%
KCB uses different organisation structures	9%	58.2%	4%	21.8%	7%
Use of different marketing strategies enhances efficiency	29.3%	57.3%	2.4%	6.6%	4.4%
Use of different marketing strategies enhances risk management	18.7%	58.7%	3.7%	17.5%	1.4%
Use of different marketing strategies enhances learning and innovation	25.8%	54.8%	3%	14.7%	4.7%
Use of different policies in the subsidiaries enhances efficiency	19.7%	55.5%	5%	14.8%	5%
Use of different policies in the subsidiaries enhances risk management	14.8%	49.6%	3.8%	23.7%	8.1%
Use of different policies in the subsidiaries enhances learning	34.8%	59.7%	2%	3.5%	0%

and innovation					
Independent HR management enhances efficiency	20.4%	48.8%	10.2%	11.3%	9.3%
Independent HR management enhances risk management	21.5%	57%	3.7%	11.4%	5.4%
Independent HR management enhances learning and innovation	24.2%	52.5%	9.8%	12.3%	3.5%
Employment of different management strategies enhances efficiency	45%	38%	2%	9.5%	5.5%
Employment of different management strategies enhances risk management	38.8%	49.7%	2.8%	8.8%	0.9%
Employment of different management strategies enhances learning and innovation	56.7%	38.4%	1.6%	3.3%	0%

Responses to the questionnaires regarding multi-domestic strategy highlighted that KCB undertakes decentralised planning (82.5%), KCB uses different organisation structure (67.2%), use of different marketing strategies enhances efficiency (86.6%), risk management (77.4%), learning and innovation (80.6%), use of different policies in the subsidiaries enhances efficiency (75.2%), risk management (64.4%), learning and innovation (94.5%), independent HR management enhances efficiency (69.2%), risk management (78.5%), learning and innovation (76.7%), employment of different management strategies enhance efficiency (83%), risk management (88.5%), and learning and innovation (95.1%).

The majority of the respondents generally agreed that multi-domestic strategy generally enhances efficiency, risk management, learning and innovation and generally competitiveness. The quantitative data generally provided that use of decentralised policies, use of different organisation structures, use of different policies across subsidiaries, independent management of HR and use of different management strategies across subsidiaries enhances competitiveness; efficiency, risk management, learning, and innovation.

4.1.4.3 Transnational strategy

The respondents were asked to evaluate the effectiveness of transnational strategy on the enhancement of competitiveness using 11 questions on the various parameters of competitiveness; efficiency, risk management, learning, and innovation. The questionnaire assessed bargaining ability of the subsidiary with a parent, limited flexibilities in management, knowledge sharing between subsidiaries, specialised functions by the subsidiaries. The summary of the responses for the descriptive presented in table 4-12 below:

Table 4-12: of responses: Transnational Strategy.

Transnational strategy	SA	A	NS	DA	SDA
KCB subsidiaries have bargaining power with headquarters	17.5%	56.3%	10.4%	14.3%	1.5%
KCB subsidiaries have limited flexibilities in policies	16.7%	58.5%	8.9%	12.6%	3.3%
Knowledge sharing between subsidiaries enhances efficiency	56.4%	39.7%	1.2%	3.9%	0%
Knowledge sharing between subsidiaries enhances risk management	56%	41.3%	1.3%	1.4%	0.8%
Knowledge sharing between subsidiaries enhances learning and innovation	67.9%	31.3%	0.8%	0%	0%
Subsidiaries undertaking specialised operations enhances efficiency	23.4%	18.9%	6.7%	39%	22%
Subsidiaries undertaking specialised operations enhances risk management	19.7%	24.8%	5.8%	30.6%	19.1%
Subsidiaries undertaking specialised operations enhances learning and innovation	24.8%	37.5%	4.9%	26.3%	6.5%
Research and development undertaken by subsidiaries enhances efficiency	28.6%	56.3%	2.3%	8.7%	4.7%
Research and development undertaken by subsidiaries enhances risk management	24.7%	58.3%	3.2%	10.5%	3.3%
Research and development undertaken by subsidiaries enhances learning and innovation	42.3%	52.4%	1.2%	3.7%	0.4%

Responses to the questionnaires regarding transnational strategy highlighted that KCB subsidiaries have bargaining power with headquarters (73.8%), KCB subsidiaries have limited flexibilities in policies (75.2%), knowledge sharing between subsidiaries enhances efficiency (96.1%), risk management (91.3%), learning and innovation (99.2%), subsidiaries undertaking specialised operations enhances efficiency (42.3%), risk management (44.5%), learning and innovation (62.3%), research and development enhances efficiency (84.9%), risk management (83%) and learning and innovation (94.7%).

The majority of the respondents generally agreed that transnational strategy generally enhances efficiency, risk management, learning and innovation and generally competitiveness. The quantitative data generally provided that knowledge sharing, research, and development enhances competitiveness. However, subsidiaries undertaking specialised don't enhance competitiveness.

4.1.4.4 Political environment

The respondents were asked to evaluate the influence of the political environment by asking 28 questions on the influence of political environment on cross-border strategy and competitiveness. The questionnaire items that were assessed influence of subsidiary regulatory framework, home regulatory framework, monitoring and supervision by subsidiary, monitoring and supervision by home regulator, political stability in the subsidiary, political stability at home, judicial system in the subsidiary, judicial system at home, political ideology in the subsidiary, political ideology at home, political system in the subsidiary, political system at home, political history in the subsidiary, and political history at home.

The responses were strutuctured in regards to the levels of agreement; stringly agree, agree, not sure, disagree and strongly disagree. The findings in relations to the perception of employees and agents in Kenya commercial bank are summarized using descriptive statistics.

The summary of the responses for the descriptive presented in ***Table 4-13*** below:

Table 4-13: Summary Responses: Political environment

Political Environment	SA	A	NS	DA	SDA
The subsidiary regulatory framework influences cross-border strategy	45.3%	38.2%	1.2%	12.4%	2.9%
The subsidiary regulatory framework influences cross-border competitiveness	43.8%	41.2%	4.8%	8.7%	1.5%
The home regulatory framework influences cross-border strategy	18.7%	45.8%	2.8%	28.4%	4.3%
The home regulatory framework influences cross-border competitiveness	17.8%	43.6%	4.8%	24.7%	9.1%
Monitoring and supervision in the subsidiary jurisdiction influences cross-border strategy	35.7%	42.8%	5.8%	12.5%	3.2%
Monitoring and supervision in the subsidiary jurisdiction influences competitiveness	34.8%	47.1%	3.8%	10.9%	3.4%
Monitoring and supervision of the home jurisdiction influence cross-border strategy	18.9%	38.9%	7.8%	25.5%	8.9%
Monitoring and supervision of the home jurisdiction influences competitiveness	15.8%	32.9%	19.7%	23.8%	7.8%
Collaboration between the subsidiary and home regulators influences the cross-border strategy	43.6%	54.3%	0.6%	1.5%	0%
Collaboration between the subsidiary and home regulators influences competitiveness	40.4%	42.6%	5.6%	8.9%	2.5%
Political stability in the subsidiary country influences strategy	42.5%	32.6%	1.2%	18.4%	5.3%
Political stability in the subsidiary country influences competitiveness	38.9%	37.8%	1.9%	16.4%	5.0%
Political stability in the home country influences strategy	38.9%	45.8%	1.5%	12.5%	1.3%
Political stability in the home	35.3%	48.7%	5.3%	8.9%	1.8%

Political Environment	SA	A	NS	DA	SDA
country influences competitiveness					
Judicial system in the subsidiary jurisdiction influences cross-border strategy	12.6%	25.6%	10.3%	29.7%	21.8%
Judicial system in the subsidiary jurisdiction influences competitiveness	16.5%	27.4%	9.6%	31.9%	24.6%
Political ideology in the subsidiary influences the cross-border strategy	21.2%	19.4%	9.3%	29.4%	20.7%
Political ideology in the subsidiary influences competitiveness	24.3%	27.9%	8.4%	29.7%	9.7%
Political ideology in the home country influences the cross-border strategy	32.4%	33.6%	7.3%	18.4%	8.3%
Political ideology in the home country influences competitiveness	9.4%	17.8%	9.5%	42.6%	20.7%
Political system in the subsidiary influences the cross-border strategy	40.8%	31.2%	0.8%	18.1%	9.4%
Political system in the subsidiary influences competitiveness	41.3%	32.4%	0.7%	21.2%	4.4%
Political system in the home country influences the cross-border strategy	39.4%	30.2%	3.8%	18.9%	7.7%
Political system in the home country influences competitiveness	42.2%	28.7%	2.2%	17.7%	9.2%
Political history in the subsidiary influences the cross-border strategy	19.8%	22.8%	9.7%	33.1%	14.6%
Political history in the subsidiary influences competitiveness	22.3%	23.1%	8.4%	32.4%	14.6%
Political history in the home country influences the cross-border strategy	17.9%	21.6%	10.1%	34.2%	16.2%
Political history in the home country influences competitiveness	21.4%	20.7%	10.3%	33.9%	13.7%

Responses regarding the influence of political environment on cross-border strategy and competitiveness highlights that the subsidiary political environment influences cross-border strategy 83.5%, subsidiary regulatory environment on competitiveness 85%, home regulatory framework on competitiveness 64.5%, home regulatory framework on cross-border strategy influence on competitiveness 61.4%, monitoring and supervision in the subsidiary jurisdiction influence on strategy 78.5%, monitoring and supervision in the subsidiary jurisdiction influence on competitiveness 81.9%, monitoring and supervision by home regulator influence ion strategy 57.8%, monitoring and supervision by home regulator influence on competitiveness 48.7%, collaboration between subsidiary and home regulator influence on strategy 97.9%, collaboration between the subsidiary and home regulators influence on competitiveness 83%, political stability influence on strategy 75.1%, political stability in the subsidiary jurisdiction on competitiveness 76.7%, political stability in the home country influence on strategy 84.7%, political stability in the home country influence on competitiveness 84%, judicial system in the subsidiary influence on strategy 38.2%, judicial system in the subsidiary influence on competitiveness 43.9%, political ideology in the subsidiary influence on cross-border strategy 40.6%, political ideology in the subsidiary influence on competitiveness 52.2%, political ideology in the home country influence on strategy 66%, political ideology in the home country influence on competitiveness 27.2%, political system in the subsidiary influence in cross-border strategy 72%, political system in the subsidiary influence on competitiveness 73.7%, political system in the home country influence in cross-border strategy 69.6%, political system in the home country influence on competitiveness 70.9%, political history in the subsidiary influence on cross-border strategy 42.6%, political history in the subsidiary influence on competitiveness 45.4%, political history in the home country influence on cross-border strategy 39.4% and political history in the home country influence on competitiveness 42.1%. The study established that regulatory environment largely influences the cross-border strategy and competitiveness. Subsidiary regulatory framework, home regulatory framework, monitoring and supervision by a subsidiary, monitoring, and supervision by the home regulator, political stability in the subsidiary, political stability at home, the political system in the subsidiary, the political system at home, political history in the subsidiary, and political history at home influence cross-border strategy and competitiveness.

However, descriptive statistics highlighted that judicial system in the subsidiary, judicial system at home, political ideology in the subsidiary, political ideology at home are the political elements that don't influence cross-border strategy and competitiveness.

4.1.4.5 Socio-cultural environment

The respondents were asked to evaluate the influence of the socio-cultural environment on cross-border strategy and competitiveness by asking 10 questions. The questionnaire items that were assessed influence of subsidiary cultural norms, home cultural norms, subsidiary social norms, home social norms, and the influence on the strategy, competitiveness and customer care. The summary of the responses for the descriptive presented in ***Table 4-14*** below:

Table 4-14: Socio-cultural environment.

Socio-cultural environment	SA	A	NS	DA	SDA
Cultural norms in the subsidiary influence cross-border strategy	57.1%	31.2%	0.4%	9.8%	1.5%
Cultural norms in the subsidiary influence competitiveness	56.6%	29.7%	0.9%	7.8%	5.0%
Cultural norms in the home country influence cross-border strategy	23.8%	43.9%	11.4%	11.8%	9.1%
Cultural norms in the home country influence competitiveness	28.5%	48.4%	7.8%	12.3%	3.0%
Social norms in the home country influence the marketing strategies	19.8%	33.9%	9.3%	27.8%	9.2%
Social norms in the home country influence customer care	17.3%	22.3%	5.6%	38.4%	16.4%
Cultural norms in the subsidiary influence marketing strategy	34.3%	46.8%	3.6%	14.3%	1.0%
Cultural norms in the subsidiary influence customer care	33.2%	43.2%	6.4%	13.9%	3.3%
Cultural norms in the home country influence marketing strategy	21.2%	34.7%	8.7%	23.3%	12.1%

Cultural norms in the home country influence customer care	18.3%	23.2%	9.6%	36.7%	12.2%

The majority of the respondents generally agreed that socio-cultural environment largely influences the cross-border strategy and competitiveness. Descriptive data highlighted that subsidiary cultural norms influence strategy (88.3%), subsidiary cultural norms influence competitiveness (86.3%), home cultural norms influence strategy (67.7%),home cultural norms influence competitiveness (76.9%), home social norms influence marketing strategy (53.7%), home social norms influence customer care (39.6%), subsidiary cultural norms influence marketing strategy (81.1%), cultural norms in the subsidiary influence customer care (76.4%), home country cultural norms influence on marketing strategy (55.9%), and cultural norms in the home country influence customer care (41.5%).

4.1.4.6 Competitiveness

Questionnaires asked respondents questions regarding competitiveness in cross-border banking. The focus was to establish the influence of cross-border banking on efficiency, risk management, learning, and innovation. The summary of the responses for the descriptive presented in ***Table 4-15*** below:

Table 4-15: Competitiveness

Competitiveness	SA	A	NS	DA	SDA
Cross-border banking enhances efficiency	25%	61%	2%	12%	0%
Cross-border banking enhances risk management	36%	54%	4%	4%	2%
Cross-border banking enhances learning and innovation	54%	37%	2%	6%	1%
Cross-border banking improves competitiveness	46%	39%	3%	9%	3%

The majority of the respondents generally agree that cross-border banking enhances efficiency, risk management, learning and innovation and generally competitiveness. Most of the respondents 86% agreed that cross-border banking

enhances efficiency, 90% agreed that it enhances risk management and 91% agreed that enhance learning and innovation.

4.1.5 Factor Analysis

The Factor Analysis is an explorative analysis less like the cluster analysis grouping of similar cases into variables of similar dimensions. The process involves identification of latent variables. Factor Analysis reduces the information in a framework by reducing the dimensions of the observations (Greenacre, 2006). The approach is used for simplification of data in order to reduce the number of variables into predictive regression frameworks.
Robson (2002:399-400) further elaborates that there is an influential modern approach to quantitative analysis known as *exploratory data analysis* (EDA), which takes an informal pictorial approach to data in order to regularise the very common process whereby researchers make inferences about relationships between variables. Thus, this method does not preclude additional exploration.

4.1.5.1 First level factor analysis

This statistical technique seeks to replace a large number of variables with a smaller number of “factors” that reflect which sets of variables have characteristics that are in common with one another. It can, for instance, be used to identify the structure of relationships among various thematic variables and to evaluate the dimensionality of these items (Jérôme, 2014).

4.1.5.1.1 Measure of sampling adequacy (MSA)

The measure of sampling adequacy was carried by use of Kolmogorov Smirnov and Shapiro-Wilk by studying the distribution of the samples and their significance to determine the rest of the analysis types. The technique seeks to establish the measure of sampling adequacy by looking at the demographic variables.

The measure of sampling adequacy using Kolmogrob Smirnov and Shapiro-Wilk to determine the tests for normality are described in ***Table 4-16*** below:

Table 4-16: Tests for Normality

Tests for Normality								
		Kolmogorov Smirnov[3]			Shapiro-Wilk			
		Statistic	Df	Sig	Statistic	Df	Sig	
Category	1	0.351	92	0.000	0.636	92	0.000	
	2	0.381	10	0.000	0.640	10	0.000	
Country	1	0.346	92	0.000	0.791	92	0.000	
	2	0.168	10	0.200	0.908	10	0.001	
Gender	1	0.364	92	0.000	0.688	92	0.000	
	2	0.232	10	0.023	0.890	10	0.003	
Age	1	0.346	92	0.000	0.791	92	0.000	
	2	0.168	10	0.200	0.908	10	0.004	
Religion	1	0.364	92	0.000	0.688	92	0.000	
	2	0.232	10	0.135	0.782	10	0.002	
Level of Education	1	0.272	92	0.000	0.688	92	0.000	
	2	0.364	92	0.000	0.688	92	0.000	
Experience	1	0.364	92	0.000	0.688	92	0.000	
	2	0.232	10	0.023	0.890	10	0.002	
Position in the organisation	1	0.364	92	0.000	0.688	92	0.000	
	2	0.232	10	0.135	0.782	10	0.003	
Lilliefors Significance Correction								
* This is a lower bound of the true significance								

If the sample size is less than 50, specifically the Shapiro-Wilk values need to be used to identify the trend; however, if the sample is more than 50, it can be analysed using either of the values. The samples used for this survey is (168) >50. Therefore there are no concerns over which value to use. However, for ease of explanation, the Shapiro-Wilk significance values have been used to analyse and describe the distribution of samples. The Sig. values for all the categories of factors were ranging from 0.000 to 0.004 which is <0.05. This implies that all the samples are largely distributed in a normal pattern.

4.1.5.1.2 Kaiser-Meyer-Olkin MSA and Bartlett's Test of Sphericity

Kaiser-Meyer-Olkin Measure of Sampling Adequacy and Bartlett's Test of Sphericity were used for concluding whether the concerns incorporated in the different categories affected cross-border strategy and competitiveness. The two measures were used to assess global strategy, multi-domestic strategy, transnational strategy, political environment and socio-cultural environment. KMO value which determines whether the factor set is valid for factor analysis and the

other one is communalities that demonstrate the amount of variance accounted for the extracted factors in a set of factor solutions.

The study used Kaiser-Meyer-Olkin Measure of Sampling Adequacy the measure varies between 0 and 1. This provides for values which are closer to 1 as much better with 0.6 being suggested to be the minimum for acceptance of the variable. Bartlett's Test of Sphericity was used for testing hypotheses for the correlation matrix as an identity matrix. Bartlett's Test of Sphericity uses an identity matrix with all diagonal elements are 1, and all off diagonal elements are provided tests for a minimum standard for passing factor analysis to be conducted (Rummel, 1970; Manly, 2005).

4.1.5.1.2.1 Global strategy

The 21 items of the influence of global strategy for gaining a competitive advantage by Kenya Commercial Bank were subjected to principal components analysis (PCA) using SPSS Version 21.0. Prior to performing PCA, the suitability of data for factor analysis was assessed. Inspection of the correlation matrix revealed the presence of many coefficients of 0.3 and above. The Kaiser-Meyer-Olkin value was 0.784, exceeding the recommended value of 0.6 (Kaiser, 1970, 1974) and Bartlett's Test of Sphericity (Bartlett, 1954) reached statistical significance ($\chi 2$ (190) = 542.977, P-value <0.01) as shown in ***Table 4-17 below***, supporting the factorability of the correlation matrix.

Table 4-17: KMO and Bartlett's Test - Global strategy

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.784
Bartlett's Test of Sphericity	Approx. Chi-Square	542.977
	Df	78
	Sig.	0.000

The SPSS has extracted three components in light of statistical significance reflected in the total variance explained.

4.1.5.1.2.2 Multi-domestic strategy

The 14 items of the influence of multi-domestic strategy for gaining a competitive advantage by Kenya Commercial Bank were subjected to principal components analysis (PCA) using SPSS Version 21.0. Prior to performing PCA, the suitability of data for factor analysis was assessed. Inspection of the correlation matrix revealed the presence of many coefficients of 0.3 and above. The Kaiser-Meyer-Olkin value was 0.726, exceeding the recommended value of 0.6 (Kaiser, 1970, 1974) and Bartlett's Test of Sphericity (Bartlett, 1954) reached statistical significance ($\chi 2$ (190) = 51.107, P-value <0.01) as shown in ***Table 4-18 below***, supporting the factorability of the correlation matrix.

Table 4-18: KMO and Bartlett's Test - Multi-domestic strategy.

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.726
Bartlett's Test of Sphericity	Approx. Chi-Square	51.107
	Df	21
	Sig.	0.000

KMO value is at 0.726 which is within the acceptable range of 0.5 to 0.7. Therefore, the factor analysis is valid for this factor set.

4.1.5.1.2.3 Transnational strategy

The 12 items of the influence of transnational strategy on gaining a competitive advantage by Kenya Commercial Bank were subjected to principal components analysis (PCA) using SPSS Version 21.0. The Kaiser-Meyer-Olkin value was 0.617, exceeding the recommended value of 0.6 (Kaiser, 1970, 1974) and Bartlett's Test of Sphericity (Bartlett, 1954) reached statistical significance ($\chi 2$ (190) = 32.184, P-value <0.01) as shown in ***Table 4-19 below***, supporting the factorability of the correlation matrix.

Table 4-19: KMO and Bartlett's Test - Transnational strategy

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.617
Bartlett's Test of Sphericity	Approx. Chi-Square	32.184
	Df	3
	Sig.	0.001

KMO value is at 0.617 which is within the acceptable range of 0.5 to 0.7. Therefore, the factor analysis is valid for this factor set. Based on the statistical significance the R-matrix has extracted the first component. This was considered for further analysis.

4.1.5.1.2.4 Political environment

The 28 items of the influence of political environment on cross-border strategy and competiveness by Kenya Commercial Bank were subjected to principal components analysis (PCA) using SPSS Version 21.0. Prior to performing PCA, the suitability of data for factor analysis was assessed. The Kaiser-Meyer-Olkin value was 0.651, exceeding the recommended value of 0.6 (Kaiser, 1970, 1974) and Bartlett's Test of Sphericity (Bartlett, 1954) reached statistical significance ($\chi 2$ (190) = 285.766, P-value <0.00) as shown in ***Table 4-20 below***, supporting the factorability of the correlation matrix.

Table 4-20: KMO and Bartlett's Test -Political environment

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.651
Bartlett's Test of Sphericity	Approx. Chi-Square	285.766
	Df	91
	Sig.	0.000

KMO value of 0.651 demonstrates that it remains within the acceptance range between 0.5 and 0.7. Therefore, the factor analysis on the factor set is valid to

proceed. The Component Matrix defines the weight of each variable over the components established in the extraction matrix.

4.1.5.1.2.5 Socio-cultural environment

The total of 21 items of the influence of socio-cultural environment on strategy and competitiveness by Kenya Commercial Bank were subjected to principal components analysis (PCA) using SPSS Version 21.0., before performing PCA, the suitability of data for factor analysis. The Kaiser-Meyer-Olkin value was 0.690, exceeding the recommended value of 0.6 (Kaiser, 1970, 1974) and Bartlett's Test of Sphericity (Bartlett, 1954) reached statistical significance ($\chi 2$ (190) = 556.853, P-value <0.00) as shown in ***Table 4-21 below***, supporting the factorability of the correlation matrix.

Table 4-21: KMO and Bartlett's Test -Socio-cultural environment

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.690
Bartlett's Test of Sphericity	**Approx. Chi-Square**	**556.853**
	Df	105
	Sig.	0.000

KMO value is at 0.690 which is within the acceptable range of 0.5 to 0.7. Therefore the factor analysis is valid for this factor set.

4.1.5.1.2.6 Competitiveness

The 20 items of the influence of cross-border strategies for gaining a competitive advantage by Kenya Commercial Bank were subjected to principal components analysis (PCA) using SPSS Version 21.0., before performing PCA, the suitability of data for factor analysis. Inspection of the correlation matrix revealed the presence of many coefficients of 0.3 and above. The Kaiser-Meyer-Olkin value was 0.797, exceeding the recommended value of 0.6 (Kaiser, 1970, 1974) and Bartlett's Test of Sphericity (Bartlett, 1954) reached statistical significance ($\chi 2$ (190) = 1555.11, P-value <0.01) as shown in ***Table 4-22 below***, supporting the factorability of the correlation matrix.

Table 4-22: KMO and Bartlett's Test - Competitiveness.

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.797
Bartlett's Test of Sphericity	Approx. Chi-Square	1555.11
	Df	190
	Sig.	0.01

KMO value of 0.797 demonstrates that it remains within the acceptance range between 0.5 and 0.7. Therefore, the factor analysis on the factor set is valid to proceed.

4.1.5.1.2 Communalities

Communalities for the study provide the proportion of each variable's variance which can be explained by the factors. These are the latent variables which explain the tangible variables. The communalities provide for initial and extraction factors. Initial values on the diagonal matrix by squared multiple correlations of the variable with other variables. Extraction column indicates the each of the variances of the variable which is explained by retained factors. The variables with high values are well represented in the common factor space while variables with low variables are not well represented.

Communalities for the data presented in **Table 4-23 below**:

Table 4-23: Communalities.

Communalities		
	Initial	Extraction
KCB headquarters undertakes centralised planning	1.000	0.569
KCB uses the same policies across subsidiaries	1.000	0.674
Use of the same policies across subsidiaries enhances efficiency	1.000	0.758
Use of the same policies across subsidiaries enhances risk management	1.000	0.732
Use of the same policies across subsidiaries enhances learning and innovation	1.000	0.696
Standardisation of procedures enhances efficiency	1.000	0.597

Communalities		
	Initial	Extraction
Standardisation of procedures enhances risk management	1.000	0.905
Standardisation of procedures enhances learning and innovation	1.000	0.720
Standardisation of customer care across subsidiaries enhances efficiency	1.000	0.876
Standardisation of customer care across subsidiaries enhances risk management	1.000	0.601
Standardisation of customer care across subsidiaries enhances learning and innovation	1.000	0.652
Pursuit of cross-border banking with a focus on capturing a global appeal enhances efficiency	1.000	0.864
Pursuit of cross-border banking with a focus on capturing a global appeal enhances risk management	1.000	0.947
Pursuit of cross-border banking with a focus on capturing a global appeal enhances learning and innovation	1.000	0.756
Pursuit of cross-border banking with a focus on responding to global dynamics enhances efficiency	1.000	0.697
Pursuit of cross-border banking with a focus on responding to global dynamics enhances risk management	1.000	0.909
Pursuit of cross-border banking with a focus on responding to global dynamics enhances learning and innovation	1.000	0.903
KCB uses decentralised structures	1.000	0.887
KCB budgets for subsidiaries	1.000	0.891
Use of different marketing strategies enhances efficiency	1.000	0.756
Use of different marketing strategies enhances risk management	1.000	0.850
Use of different marketing strategies enhances learning and innovation	1.000	0.981
use of different policies enhances efficiency	1.000	0.956
use of different policies enhances risk management	1.000	0.953
use of different policies enhances learning and innovation	1.000	0.946
Independent HR enhances risk management	1.000	0.864
Independent HR enhances efficiency	1.000	0.981
Independent HR enhances learning and innovation	1.000	0.853
Subsidiaries have bargaining power	1.000	0.580
Limited flexibilities in policies	1.000	0.961
Knowledge sharing between subsidiaries enhances efficiency	1.000	0.961
Knowledge sharing between subsidiaries enhances risk management	1.000	0.955
Knowledge sharing between subsidiaries enhances learning	1.000	0.952

Communalities		
	Initial	Extraction
and innovation		
Subsidiaries undertaking specialised services enhance efficiency	1.000	0.919
Subsidiaries undertaking specialised services enhances risk management	1.000	0.960
Subsidiaries undertaking specialised services enhances learning and innovation	1.000	0.949
R&D enhances risk management	1.000	0.936
R&D enhances efficiency	1.000	0.951
R&D enhances learning and innovation	1.000	0.944
Subsidiary regulatory framework influences strategy	1.000	0.697
Subsidiary regulatory framework influences competitiveness	1.000	0.947
Home regulatory framework influences strategy	1.000	0.931
Home regulatory framework influences competitiveness	1.000	0.952
Subsidiary monitoring and supervision influences strategy	1.000	0.711
Subsidiary monitoring and supervision influences competitiveness	1.000	0.692
Home monitoring and supervision influences strategy	1.000	0.789
Home monitoring and supervision influences competitiveness	1.000	0.687
subsidiary judicial system influence strategy	1.000	0.638
social norms in the subsidiary influence competitiveness	1.000	0.906
social norms in the home country influence strategy	1.000	0.883
social norms in the home country influence competitiveness	1.000	0.903
cultural norms in the subsidiary influence strategy	1.000	0.889
cultural norms in the subsidiary influence competitiveness	1.000	0.909
cultural norms in the home country influence competitiveness	1.000	0.831
social norms in the home country influence marketing strategy	1.000	0.859
social norms in the home country influence customer care	1.000	0.651
Pursue cross border to capture global appeal	1.000	0.655
Pursue cross-border banking to respond to global dynamics	1.000	0.852
Use independent marketing strategies at subsidiaries	1.000	0.903
Use different policies in subsidiaries	1.000	0.892
Use different HRM strategies in the subsidiaries	1.000	0.917
Share knowledge with other subsidiaries	1.000	0.695
Undertake research and development for entire KCB	1.000	0.669

Communalities		
	Initial	Extraction
Specialised function in the bank to support the bank	1.000	0.681
adequately monitored by the regulator	1.000	0.686
Regulatory framework in the jurisdiction is favourable	1.000	0.715
Operate in political stable environment	1.000	0.654
Social norms shape strategy	1.000	0.855
cultural norms shape strategy	1.000	0.865
Cross-border competitiveness	1.000	0.523
Extraction Method: Principal Component Analysis.		

Communalities provide estimates of the variance in each variable accounted for by all components or factors. The process of extracting communalities of the variance in each variable accounted for by the components in the factor solution. The small variables that don't fit well with factor solution and should be dropped from the analysis.

Table 4-23 above provides communalities for the variables and the variables in red KCB headquarters undertakes centralised planning, subsidiaries have bargaining power and cross-border competitiveness need to be dropped.

4.1.5.1.3 Total variance explained

Further, exploration of factors is undertaken in the next section using the total variance explained. The factor analysis method is a reduction method seeking to understand the underlying unobservable (latent) variables that are reflected in the observed variables (manifest variables).

The researcher undertook the total variance to facilitate in understanding the underlying observable variables driving the global strategy, multi-domestic strategy, transnational strategies, political environment and socio-cultural environment.

The finding for factor analysis for total variance explained provided for in ***Table 4-24*** below provides the selected factors of rotation.

However, entire table providing all the information including non significant factors is provided in **appendix xxix.**

Table 4-24: Total Variance Explained

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	11.241	16.059	16.059	11.241	16.059	16.059	5.877	8.396	8.396
2	8.949	12.785	28.844	8.949	12.785	28.844	5.636	8.052	16.448
3	5.087	7.266	36.111	5.087	7.266	36.111	5.188	7.412	23.860
4	3.579	5.113	41.224	3.579	5.113	41.224	4.379	6.255	30.115
5	3.355	4.792	46.016	3.355	4.792	46.016	4.234	6.048	36.163
6	2.838	4.055	50.071	2.838	4.055	50.071	3.752	5.361	41.524
7	2.539	3.627	53.698	2.539	3.627	53.698	3.396	4.852	46.375
8	2.489	3.556	57.254	2.489	3.556	57.254	3.244	4.634	51.009
9	2.353	3.361	60.615	2.353	3.361	60.615	2.538	3.626	54.635
10	2.176	3.108	63.724	2.176	3.108	63.724	2.521	3.602	58.237
11	1.800	2.572	66.295	1.800	2.572	66.295	2.324	3.320	61.557
12	1.658	2.369	68.664	1.658	2.369	68.664	2.063	2.948	64.505
13	1.580	2.257	70.921	1.580	2.257	70.921	2.035	2.907	67.412
14	1.436	2.051	72.972	1.436	2.051	72.972	1.896	2.709	70.121
15	1.341	1.915	74.887	1.341	1.915	74.887	1.781	2.545	72.666
16	1.298	1.854	76.741	1.298	1.854	76.741	1.710	2.443	75.109
17	1.185	1.692	78.434	1.185	1.692	78.434	1.656	2.365	77.474
18	1.162	1.660	80.093	1.162	1.660	80.093	1.458	2.083	79.558
19	1.014	1.449	81.542	1.014	1.449	81.542	1.389	1.985	81.542

Extraction Method: Principal Component Analysis

The variance explained provides for factors, initial Eigen values, extraction of sums, and rotation of sums squared. The initial number of factors is the same as the number of variables used in factor analysis. Factor analysis was conducted on the correlation matrix the variables were standardised at 1, and the total column contains the Eigen values.

However, not all the factors were retained, but for this study, only 19 with Eigen values more than one were retained for rotation. The initial Eigen values represent the variances of the factors. The first factor accounts for most of the variance, and the next factor accounts for as much as the left over variance, and successive factors accounted for less and less variance. The percentage variance column contains the percent of total variance which is accounted for by each factor. Cumulative percentage column contains the cumulative percentage of variance accounted for by the current and all preceding factors. The 6th row shows cumulative percentage of 50.077% while 13th row shows 70.92% which implies that the first six factors account for 50% of the total variance and the first factors account for 70.92% of the total variance.

Using Kaiser Criterion, we are interested only in components that have an Eigen value of 1 or more. From table 4.24 above, 19 items had Eigen values greater than one which explained nearly 82% of the variability in the original 70 variables, so we considerably reduced the complexity of the dataset by using these components and therefore these 19 items were retained for rotation.

Rotation Sums of Squared Loadings in the values represents the distribution of the variance of the variance after varimax rotation. The rotation of sums maximizes the variance of factors; therefore, total variance accounted for is redistributed among the nineteen factors extracted.

4.1.5.1.4 Factor Rotation: First level

Factor rotation conducted for the sake of interpretation of the extracted factors in factor analysis. Further, more, to provide a simple structure of the loading of the matrix regarded as a simple structure.

The finding for factor rotation provided for in ***Table 4-25 below:***

Table 4-25: The Factor Rotation

Rotated Component Matrix[a]																			
	Component																		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
1	0.824																		
2	0.772																		
3	0.811																		
4		0.782																	
5		0.713																	
6		0.791																	
7		0.878																	
8		0.891																	
9		0.867																	
10			0.703																
11			0.711																
12			0.689																
13			0.712																
14			0.684																
15			0.710																
16			0.687																
17			0.638																
18			0.781																
19				0.704															
20				0.721															
21				0.707															
22					0.735														
23					0.731														
24					0.708														
25						0.722													
26						0.703													
27						0.608													
28							0.786												
29							0.637												
30							0.653												
31								0.723											
32								0.712											
33								0.683											
34									0.824										
35									0.772										
36									0.811										

Rotated Component Matrix[a]

	Component																		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
37										0.782									
38										0.713									
39										0.701									
40											0.703								
41											0.711								
42											0.713								
43												0.754							
44												0.765							
45												0.738							
46												0.729							
47													0.701						
48													0.632						
48													0.711						
50													0.709						
51													0.765						
52													0.702						
53														0.711					
54														0.713					
55														0.704					
56														0.743					
57															0.712				
58															0.732				
58															0.503				
60															0.498				
61																0.743			
62																0.700			
63																0.688			
64																0.654			
65																			
66																	0.731		
67																	0.708		
68																	0.713		
69																	0.672		
70																	0.654		
71																	0.030	0.786	
72																		0.637	
73																		0.653	
74																		0.723	
75																			0.712

Extraction Method: Principal Component Analysis

Rotated Component Matrix[a]																			
Component																			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
Rotation Method: Varimax with Kaiser Normalisation																			

Rotated factor matrix contains the rotated factor loadings which represent the weighted for each factor with correlations of the variables. The columns under the headings are rotated factors extracted. Factor rotation used a simple Promax because of simplicity to read as the clutter of low correlations is not included in the extracted data and meaningless. The 19 factors which extracted are critical for analysis. The table run with Promax with Kaiser Normalization provides a much simple structure.

4.1.5.1.4.1 Factor Labeling

Factor labeling has been undertaken to provide the factors and description of the latent factors describing together with the questions as per the questionnaire. The details of factor labeling are provided in ***Table 4-26 below***

Table 4-26: Factor labeling

	Factor	Description	QUESTION
1	Global Strategy	Same policies	Use of the same policies enhances efficiency
			Use of the same policies enhances risk management
			Use of the same policies enhances learning and innovation
		Standard Products	Standardisation products and services enhances efficiency
			Standardisation products and services enhances risk management
			Standardisation products and services enhance learning and innovation
			Standardisation of customer care enhances efficiency
			Standardisation of customer care enhances risk management

	Factor	Description	QUESTION
			Standardisation of customer care enhances learning and innovation
		Global dynamics	Focusing on global appeal enhances efficiency
			Focusing on global appeal enhances risk management
			Focusing on global appeal enhances learning and innovation
			Focusing on global dynamics enhances efficiency
			Focusing on global dynamics enhances risk management
			Focusing on global dynamics enhances learning and innovation
			Focusing on capturing global appeal enhances efficiency
			Focusing on capturing global appeal enhances risk management
			Focusing on capturing global appeal enhances learning and innovation
2.	Multi-domestic Strategy	Different marketing strategies	Use of different marketing strategies enhances efficiency
			Use of different marketing strategies enhances risk management
			Use of different marketing strategies enhances learning and innovation
		Use of different policies	Use of different policies in the subsidiaries enhances efficiency
			Use of different policies in the subsidiaries enhances risk management
			Use of different policies in the subsidiaries enhances learning and innovation
		Independent HR	Independent HR management enhances efficiency
			Independent HR management enhances risk management
			Independent HR management enhances learning and innovation
		Different management strategies	Employment of different management strategies enhances efficiency
			Employment of different management

	Factor	Description	QUESTION
			strategies enhances risk management
			Employment of different management strategies enhances learning and innovation
			KCB subsidiaries have bargaining power with headquarters
			KCB subsidiaries have limited flexibilities in policies
3.	Transnational Strategy	Knowledge sharing	Knowledge sharing between subsidiaries enhances efficiency
			Knowledge sharing between subsidiaries enhances risk management
			Knowledge sharing between subsidiaries enhances learning and innovation
		Specialised operations	Subsidiaries undertaking specialised operations enhances efficiency
			Subsidiaries undertaking specialised operations enhances risk management
			Subsidiaries undertaking specialised operations enhances learning and innovation
		Research and development	Research and development undertaken by subsidiaries enhances efficiency
			Research and development undertaken by subsidiaries enhances risk management
			Research and development undertaken by subsidiaries enhances learning and innovation
4.	Political Environment	Regulatory framework	The subsidiary regulatory framework influences cross-border strategy
			The subsidiary regulatory framework influences cross-border competitiveness
			The home regulatory framework influences cross-border strategy
			The home regulatory framework influences cross-border competitiveness

	Factor	Description	QUESTION
		Supervision	Monitoring and supervision in the subsidiary jurisdiction influence cross-border strategy
			Monitoring and supervision of the subsidiary jurisdiction influences competitiveness
			Monitoring and supervision of the home jurisdiction influence cross-border strategy
			Monitoring and supervision of the home jurisdiction influences competitiveness
			Collaboration between the subsidiary and home regulators influences the cross-border strategy
			Collaboration between the subsidiary and home regulators influences competitiveness
		Political stability	Political stability in the subsidiary country influences strategy
			Political stability in the subsidiary country influences competitiveness
			Political stability in the home country influences strategy
			Political stability in the home country influences competitiveness
		Judicial system	Judicial system in the subsidiary jurisdiction influences cross-border strategy
			Judicial system in the subsidiary jurisdiction influences competitiveness
		Political ideology	Political ideology in the subsidiary influences the cross-border strategy
			Political ideology in the subsidiary influences competitiveness
			Political ideology in the home country influences the cross-border strategy
			Political ideology in the home country influences competitiveness
		Political system	Political system in the subsidiary influences the cross-border strategy
			Political system in the subsidiary influences competitiveness

	Factor	Description	QUESTION
			Political system in the home country influences the cross-border strategy
			Political system in the home country influences competitiveness
		Political history	Political history in the subsidiary influences the cross-border strategy
			Political history in the subsidiary influences competitiveness
			Political history in the home country influences the cross-border strategy
			Political history in the home country influences competitiveness
5.	Socio-Cultural Environment	Cultural norms	Cultural norms in the subsidiary influence cross-border strategy
			Cultural norms in the subsidiary influence competitiveness
			Cultural norms in the home country influence cross-border strategy
			Cultural norms in the home country influence competitiveness
			Cultural norms in the home country influence the marketing strategies
			Cultural norms in the home country influence customer care
		Social Norms	Social norms in the subsidiary influence cross-border strategy
			Social norms in the subsidiary influence competitiveness
			Social norms in the home country influence cross-border strategy
			Social norms in the home country influence competitiveness
			Social norms in the home country influence the marketing strategies
			Social norms in the home country influence customer care
6.	Competitive Advantage	Efficiency	Cross-border banking enhances efficiency
		Risk management	Cross-border banking enhances risk management
		Learning and innovation	Cross-border banking enhances learning and innovation

The factors extracted from the factor analysis were global strategy, multi-domestic strategy, transnational strategy, political environment, social, cultural environment and competitive advantage. The different components have been described as follows: Global; same policies, standard products global dynamics, and centralisation. While the multi-domestic strategy described by factors; unique marketing strategies, use of different policies, independent human resource management, unique management strategies, and decentralisation. The transnational strategy described by knowledge sharing, specialised operations, research, and development. The political environment described by the regulatory framework, supervision, political stability, the judicial system, and political system. The social, cultural environment described by cultural norms and social norms. The component of competitiveness consists of efficiency, risk management, learning, and innovation. The questions which asked for each latent factor have also provided in the last column.

4.1.5.1.4.2 The Labeled and rotated factor structure

Rotated factor matrix contains the rotated factor loadings which represent the weighted for each factor with correlations of the variables. The columns under the headings are rotated factors. Factor rotation used a simple varimax because of simplicity to read as the clutter of low correlations is not included in the extracted data and meaningless. Labeled and rotated factors: global strategy, multi-domestic strategy, transnational strategy, political environment and socio-cultural environment.

4.1.5.1.4.3 Global strategy

Labeled and rotated factor structure for the global strategy for the data provided for in ***Table 4-27 below***:

Table 4-27: Labeled and rotated factor structure for global strategy

Rotated Component Matrix[a]					
	Global Strategy	**Component**			
		1	**2**	**3**	**4**
1	Use of the same policies enhances efficiency	0.824	-0.412	0.324	0.088
2	Use of the same policies enhances risk management	0.772	-0.389	0.411	0.091

Rotated Component Matrix[a]					
	Global Strategy	**Component**			
		1	**2**	**3**	**4**
3	Use of the same policies enhances learning and innovation	0.811	-0.423	0.311	0.111
4	Standardisation products and services enhances efficiency	0.313	0.782	0.328	0.076
5	Standardisation products and services enhances risk management	0.429	0.713	0.254	0.083
6	Standardisation products and services enhances learning and innovation	0.311	0.791	0.323	0.075
7	Standardisation of customer care enhances efficiency	0.113	0.878	0.005	0.089
8	Standardisation of customer care enhances risk management	0.313	0.891	0.023	0.178
9	Standardisation of customer care enhances learning & innovation	0.313	0.867	0.009	0.134
10	Focusing on global appeal enhances efficiency	0.002	0.323	0.703	0.245
11	Focusing on global appeal enhances risk management	0.013	0.089	0.711	0.081
12	Focusing on global appeal enhances learning and innovation	0.067	0.262	0.689	0.183
13	Focusing on global dynamics enhances efficiency	0.023	0.123	0.712	0.109
14	Focusing on global dynamics enhances risk management	0.002	0.073	0.684	0.091
15	Focusing on global dynamics enhances learning and innovation	0.073	0.029	0.710	0.089
16	Focusing on capturing global appeal enhances efficiency	0.033	0.032	0.687	0.089
17	Focusing on capturing global appeal enhances risk management	0.214	0.082	0.638	0.089
18	Focusing on capturing global appeal enhances learning and innovation	0.222	0.014	0.781	0.089
20	Centralisation enhances efficiency	0.015	0.079	0.073	0.704
21	Centralisation enhances risk management	0076	0.008	0.089	0.721
22	Centralisation enhances learning and innovation	0.086	0.016	0.057	0.707
Extraction Method: Principal Component Analysis					
Rotation Method: Varimax with Kaiser Normalisation					

The components extracted represent the global strategy are critical for the study. These are factors which underlie the label for the global strategy the four components in the columns under the heading extracted four factors that extracted; same policies, standardisation, global dynamics and centralization.

4.1.5.1.4.4 Multi-domestic strategy

Labeled and rotated factor structure for a multi-domestic strategy for the data provided for in ***Table 4-28 below***:

Table 4-28: Rotated Component Matrix

Rotated Component Matrix[a]					
	Multi-domestic Strategy	**Component**			
		1	2	3	4
1	Use of different marketing strategies enhances efficiency	0.735	-0.412	0.324	0.040
2	Use of different marketing strategies enhances risk management	0.731	-0.389	0.411	0.016
3	Use of different marketing strategies enhances learning and innovation	0.708	-0.423	0.311	0.008
4	Use of different policies in the subsidiaries enhances efficiency	0.313	0.722	0.328	0.050
5	Use of different policies in the subsidiaries enhances risk management	0.429	0.703	0.254	0.009
6	Use of different policies in the subsidiaries enhances learning and innovation	0.311	0.608	0.323	0.017
7	Independent HR management enhances efficiency	0.113	0.001	0.786	0.035
8	Independent HR management enhances risk management	0.313	0.006	0.637	0.0120
9	Independent HR management enhances learning and innovation	0.313	0.070	0.653	0.008
10	Employment of different management strategies enhances efficiency	0.002	0.323	0.008	0.723
11	Employment of different management strategies enhances risk management	0.013	0.089	0.050	0.712
12	Employment of different management strategies enhances learning and innovation	0.067	0.262	0.121	0.683
Extraction Method: Principal Component Analysis					
Rotation Method: Varimax with Kaiser Normalisation					

The components extracted represent the multi-domestic strategy are critical for the study. These are factors which underlie the label for multi-domestic strategy the five components in the columns under the heading extracted five factors that extracted. The extracted factors in the process of undertaking a multidomestic strategy were establshed as different marketing strategies, different policies, independent HR decentralization and unique management strategies.

4.1.5.1.4.5 Transnational strategy

Labeled and rotated factor structure for a transnational strategy for the data provided for in ***Table 4-29 below***:

Table 4-29: Rotated Component Matrix.

Rotated Component Matrix[a]				
	Transnational Strategy	**Component**		
		1	**2**	**3**
1	Knowledge sharing between subsidiaries enhances efficiency	0.824	0.012	0.024
2	Knowledge sharing between subsidiaries enhances risk management	0.772	0.089	0.061
3	Knowledge sharing between subsidiaries enhances learning and innovation	0.811	0.023	0.312
4	Subsidiaries undertaking specialised operations enhances efficiency	0.313	0.782	0.078
5	Subsidiaries undertaking specialised operations enhances risk management	0.429	0.713	0.054
6	Subsidiaries undertaking specialised operations enhances learning and innovation	0.311	0.791	0.122
7	Research and development undertaken by subsidiaries enhances efficiency	0.002	0.323	0.703
8	Research and development undertaken by subsidiaries enhances risk management	0.013	0.089	0.711
9	Research and development undertaken by subsidiaries enhances learning and innovation	0.067	0.262	0.689
Extraction Method: Principal Component Analysis				
Rotation Method: Varimax with Kaiser Normalisation				

The components extracted represent the transnational strategy are critical for the study. These are factors which underlie the label for the transnational strategy the three components in the columns under the heading extracted three factors that extracted; knowledge sharing, specialised operations, research and development.

4.1.5.1.4.6 Political environment

Labeled and rotated factor structure for the political environment for the data provided for in ***Table 4-30 below***:

Table 4-30: Labeled and rotated factor structure for political environment

Rotated Component Matrix[a]						
	Political Environment	**Component**				
		1	2	3	4	5
1	The subsidiary regulatory framework influences cross-border strategy	0.754	0.412	0.324	0.040	0.006
2	The subsidiary regulatory framework influences cross-border competitiveness	0.765	0.389	0.411	0.016	0.019
3	The home regulatory framework influences cross-border strategy	0.738	0.423	0.311	0.008	0.041
4	The home regulatory framework influences cross-border competitiveness	0.729	0.045	0.328	0.050	0.116
5	Monitoring and supervision in the subsidiary jurisdiction influences cross-border strategy	0.429	0.701	0.254	0.009	0.140
6	Monitoring and supervision in the subsidiary jurisdiction influences competitiveness	0.211	0.632	0.323	0.017	0.126
7	Monitoring and supervision in the home jurisdiction influences cross-border strategy	0.313	0.711	0.123	0.035	0.042
8	Monitoring and supervision in the home jurisdiction influences competitiveness	0.301	0.709	0.097	0.0120	0.018
9	Collaboration between the subsidiary and home regulators influences the cross-border strategy	0.300	0.765	0.056	0.008	0.049
10	Collaboration between the subsidiary and home regulators influences competitiveness	0.002	0.702	0.008	0.114	0.017
11	Political stability in the subsidiary country influences strategy	0.017	0.089	0.711	0.113	0.042
12	Political stability in the subsidiary country influences competitiveness	0.067	0.262	0.713	0.121	0.019
13	Political stability in the home country influences strategy	0.034	0.133	0.704	0.091	0.231
14	Political stability in the home country influences competitiveness	0.234	0.268	0.743	0.111	0.065
15	Judicial system in the subsidiary jurisdiction influences cross-border strategy	0.127	0.139	0.097	0.712	0.222
16	Judicial system in the subsidiary jurisdiction influences competitiveness	0.086	0.185	0.113	0.732	0.028
17	Judicial System in the home country influences cross-border strategy	0.072	0.172	0.087	0.503	0.089
18	Judicial System in the home country influences competitiveness	0.009	0.109	0.056	0.498	0.009
19	Political system in the subsidiary influences the cross-border strategy	0.123	0.103	0.114	0.065	0.743
20	Political system in the subsidiary influences competitiveness	0.189	0.182	0.083	0.0654	0.700
21	Political system in the home country influences the cross-border strategy	0.172	0.196	0.005	0.076	0.688

22	Political system in the home country influences competitiveness	0.119	0.108			0.654
Extraction Method: Principal Component Analysis						
Rotation Method: Varimax with Kaiser Normalisation						

The components extracted represent the political environment are critical for the study. These are factors which underlie the label for the political environment the four components in the columns under the heading extracted five factors; regulatory framework, supervision, political stability, judicial system and political system.

4.1.5.1.4.7 Socio-cultural environment

Labeled and rotated factor structure for the socio-cultural environment for the data provided for in ***Table 4-31 below***:

Table 4-31: Labeled and rotated factor structure for socio-cultural environment

Rotated Component Matrix[a]			
Socio-cultural Environment		**Component**	
		1	2
1	Cultural norms in the subsidiary influence cross-border strategy	0.735	-0.412
2	Cultural norms in the subsidiary influence competitiveness	0.731	-0.389
3	Cultural norms in the home country influence cross-border strategy	0.708	-0.423
4	Cultural norms in the home country influence competitiveness	0.713	0.022
5	Cultural norms in the home country influence the marketing strategies	0.672	0.003
6	Cultural norms in the home country influence customer care	0.654	0.0043
7	Social norms in the subsidiary influence cross-border strategy	0.030	0.786
8	Social norms in the subsidiary influence competitiveness	0.301	0.637
9	Social norms in the home country influence cross-border strategy	0.201	0.653
10	Social norms in the home country influence competitiveness	0.002	0.723
11	Social norms in the home country influence the marketing strategies	0.015	0.712
12	Social norms in the home country influence customer care	0.003	0.683
13	Social norms in the subsidiary influence cross-border strategy	0.008	0.677

The components extracted represent the socio-cultural environment are critical for the study. These are factors which underlie the label for the socio-cultural environment the two components in the columns under the heading extracted two factors that extracted; cultural norms and social norms.

4.1.5.2 Rotated Factor Structure: Second level Rotation

The rotated factor structure provided for in ***Table 4-32 below:***

Table 4-32: Rotated Factor Structure: Second level Rotation

Rotated Component Matrix[a]						
		Component				
		1	2	3	4	5
1	Same policies	0.724	-0.412	0.324	0.088	0.313
2	Standard Products	0.712	-0.389	0.411	0.091	0.323
3	Global dynamics	0.711	-0.423	0.311	0.111	0.089
4	Centralisation	0.686	-0.323	0.083	0.122	0.262
5	Different marketing strategies	-0.313	0.702	0.328	0.076	0.123
6	Use of different policies	-0.429	0.713	0.254	0.083	0.073
7	Independent HR	-0.311	0.711	0.323	0.075	0.032
8	Different management strategies	-0.113	0.701	0.005	0.089	0.014
9	Decentralisation	-0.323	0.699	0.313	0.083	0.079
10	Knowledge sharing	0.425	0.391	0.828	0.178	0.008
11	Specialised operations	0.488	0.467	0.802	0.134	0.076
12	Research and development	0.473	0.323	0.811	0.245	0.083
13	Regulatory framework	0.013	0.089	0.111	0.778	0.075
14	Supervision	0.067	0.262	0.189	0.781	0.089
15	Political stability	0.023	0.123	0.012	0.678	0.328
16	Judicial system	0.002	0.073	0.084	0.669	0.254
17	Political system	0.033	0.032	0.087	0.701	0.323

Rotated Component Matrix[a]						
		Component				
		1	2	3	4	5
18	Cultural norms	0.222	0.014	0.081	0.089	0.782
19	Social Norms	0.015	0.079	0.073	0.104	0.765
Extraction Method: Principal Component Analysis						
Rotation Method: Varimax with Kaiser Normalisation						

4.1.6 Reliability test

The Cronbach's alpha indicator that was used to test for reliability indicates the overall reliability of a questionnaire. A measure of internal consistency, therefore, measuring how closely related set of items are as a group. Exploratory factor analysis is one method of checking dimensionality. Technically speaking, Cronbach's alpha is not a statistical test - it is a coefficient of reliability or consistency (http://www.ats.ucla.edu/stat/spss/faq/alpha.html). According to Field (2009:675), the values around 0.7 and 0.8 are for reliability tests. The reliability tests performed yielded the results that are presented in the ***Table 4-33 and figure 4-9*** below:

Table 4-6: Cronbach Alpha

Components	Cronbach's Alpha
Global Strategy	0.746
Multi-domestic strategy	0.706
Transnational strategy	0.804
Political environment	0.759
Socio-cultural environment	0.891
Competitiveness	0.794
Overall	**0.818**

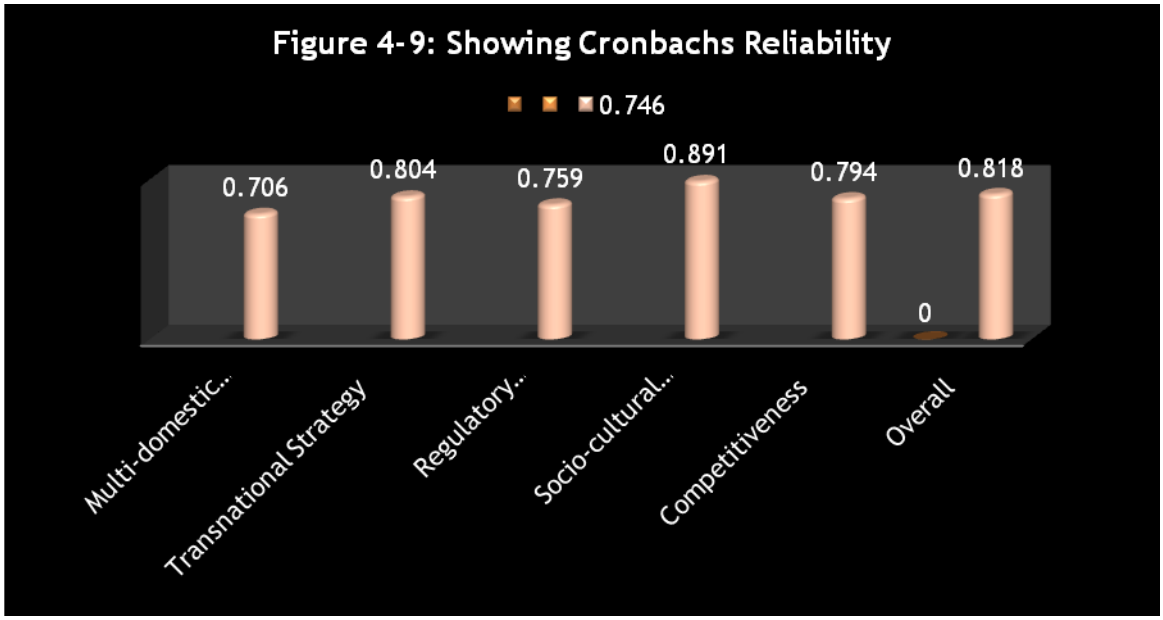

Figure 4-9: Cronbach Alpha

Each component examined for internal reliability using Cronbach Alpha. Cross border strategies; multi domestic strategy, transnational strategy, political environment, socio-cultural environment and competitive constitutes 0.746, 0.706, 0.804, 0.759, 0.891, and 0.794 respectively whereas the Cronbach Alpha was 0.818 implies that the value higher than 0.7 indicating a good reliability coefficient.

4.1.7 Descriptive statistics

Descriptive statistics was used for analysis of the impact of cross-border strategies on competitiveness. These descriptive statistics dealt with global, multi-national and transnational strategies with the political and socio-cultural environment. The data describes the variables which were subject to factor analysis before final use of descriptive statistics. The ***Table 4-34 below*** describes the means and standard deviations of the statistics.

Table 4-7: Table of means and standard deviations

Descriptive Statistics			
	Mean	Std. Deviation	Analysis N
KCB headquarters undertakes centralised planning	2.03	0.860	155
KCB uses the same policies across subsidiaries	2.66	1.213	155
Use of the same policies across subsidiaries enhances efficiency	2.94	1.298	155
Use of the same policies across subsidiaries enhances risk management	2.10	0.754	155
Use of the same policies across subsidiaries enhances learning and innovation	3.24	1.007	155
Standardisation of procedures enhances efficiency	3.65	1.132	155
Standardisation of procedures enhances risk management	3.70	1.203	155
Standardisation of procedures enhances learning and innovation	2.59	1.267	155
Standardisation of customer care across subsidiaries enhances efficiency	2.55	1.265	155
Standardisation of customer care across subsidiaries enhances risk management	2.65	1.272	155
Standardisation of customer care across subsidiaries enhances learning and innovation	1.82	1.016	155
Pursuit of cross-border banking with a focus on capturing a global appeal enhances efficiency	3.77	1.012	155
Pursuit of cross-border banking with a focus on capturing a global appeal enhances risk management	3.56	1.123	155
Pursuit of cross-border banking with a focus on capturing a global appeal enhances learning and innovation	4.38	0.750	155
Pursuit of cross-border banking with a focus on responding to global dynamics enhances efficiency	2.74	1.460	155
Pursuit of cross-border banking with a focus on responding to global dynamics enhances risk management	3.59	1.273	155
Pursuit of cross-border banking with a focus on responding to global dynamics enhances learning and innovation	3.57	1.294	155
KCB uses decentralised structures	4.33	0.861	155
KCB budgets for subsidiaries	4.20	1.003	155
Use of different marketing strategies enhances efficiency	3.82	1.137	155
Use of different marketing strategies enhances risk management	3.64	1.031	155
Use of different marketing strategies enhances learning and innovation	3.51	1.170	155
use of different policies enhances efficiency	4.21	0.938	155
use of different policies enhances risk management	3.89	1.246	155
use of different policies enhances learning and innovation	3.45	1.223	155
Independent HR enhances risk management	2.92	1.351	155
Independent HR enhances efficiency	3.51	1.170	155

Descriptive Statistics			
	Mean	Std. Deviation	Analysis N
Independent HR enhances learning and innovation	4.21	0.868	155
Subsidiaries have bargaining power	3.51	1.197	155
Limited flexibilities in policies	4.20	0.900	155
Knowledge sharing between subsidiaries enhances efficiency	3.92	1.211	155
Knowledge sharing between subsidiaries enhances risk management	3.48	1.224	155
Knowledge sharing between subsidiaries enhances learning and innovation	4.20	0.871	155
Subsidiaries undertaking specialised services enhance efficiency	4.19	0.883	155
Subsidiaries undertaking specialised services enhances risk management	4.15	0.952	155
Subsidiaries undertaking specialised services enhances learning and innovation	4.17	0.934	155
R&D enhances risk management	4.21	0.904	155
R&D enhances efficiency	3.96	1.189	155
R&D enhances learning and innovation	3.45	1.255	155
Subsidiary regulatory framework influences strategy	4.23	0.859	155
Subsidiary regulatory framework influences competitiveness	4.17	0.948	155
Home regulatory framework influences strategy	3.94	1.215	155
Home regulatory framework influences competitiveness	3.48	1.235	155
Subsidiary monitoring and supervision influences strategy	3.70	1.095	155
Subsidiary monitoring and supervision influences competitiveness	3.76	1.032	155
Home monitoring and supervision influences strategy	3.85	1.092	155
Home monitoring and supervision influences competitiveness	4.65	0.672	155
subsidiary judicial system influence strategy	4.30	0.815	155
social norms in the subsidiary influence competitiveness	4.33	0.838	155
social norms in the home country influence strategy	4.24	0.987	155
social norms in the home country influence competitiveness	3.85	1.161	155
cultural norms in the subsidiary influence strategy	3.98	1.214	155
cultural norms in the subsidiary influence competitiveness	4.21	1.030	155
cultural norms in the home country influence competitiveness	4.03	1.179	155
social norms in the home country influence marketing strategy	3.99	1.162	155
social norms in the home country influence customer care	3.82	1.225	155
Pursue cross border to capture global appeal	4.48	0.800	155
Pursue cross-border banking to respond to global dynamics	4.43	0.764	155
use independent marketing strategies at subsidiaries	3.85	1.161	155
Use different policies in subsidiaries	3.97	1.214	155
Use different HRM strategies in the subsidiaries	4.13	1.049	155

Descriptive Statistics			
	Mean	Std. Deviation	Analysis N
Share knowledge with other subsidiaries	4.34	0.921	155
Undertake research and development for entire KCB	4.34	0.751	155
Specialised function in the bank to support the bank	3.95	1.208	155
adequately monitored by the regulator	4.51	0.658	155
Regulatory framework in the jurisdiction is favourable	4.38	0.741	155
Operate in political stable environment	4.34	0.696	155
Social norms shape strategy	3.93	1.001	155
cultural norms shape competitive advantage	3.81	1.163	155
Social norms shape marketing strategy	4.01	1.140	155

The table above ***4-34*** describes the mean, standard deviation, and analysis N. the mean column provides for the means of the variables used for factor analysis. The Std. Deviation provides for the standard deviations of the variables which used during factor analysis. Analysis N column provides for the number of cases used in the factor analysis. The case for data analysis in the output is less than the number of cases because, in the stage of data analysis univariate option (http://stats.idre.ucla.edu/spss/output/factor-analysis/), it's not a problem. The number of cases used in the analysis less than the total number of cases in the data file if there are missing values on any of the variables used in the factor analysis, because, by default, SPSS does a list wise deletion of incomplete cases (http://stats.idre.ucla.edu/spss/output/factor-analysis/).

Correlation Matrix[a]

a. Determinant = .002

The determinant of table 4.27 above is 0.002 which implies that there was not having computational problems with factor analysis if the determinant is not zero (0) (Rummel, 1970; Achen, 2005).

4.2.0 Examination of cross boarder strategy and competitiveness

4.2.1 Influence of global strategy on competitiveness by Kenya commercial bank

Global strategy was examined by looking the different aspects of global strategy; global appeal, global dynamics, capture global markets, standardisation, and centralization. Global strategy analysed by looking at the different concepts of competitive advantage; efficiency, risk management, learning, and innovation. Diaconu (2012) argues that global strategy involves careful crafting of a single strategy for the entire network of subsidiaries and partners, encompassing many countries simultaneously and leveraging synergies across many countries or organisational costs are high.

4.2.1.1 Kenya commercial bank undertakes centralised planning and budgeting across the subsidiaries

The responses sought from the respondents regarding whether Kenya Commercial Bank undertakes centralised planning and budgeting across subsidiaries. The findings of a determination on whether KCB undertakes centralised planning and budgeting across subsidiaries presented in ***Figure 4.10*** below.

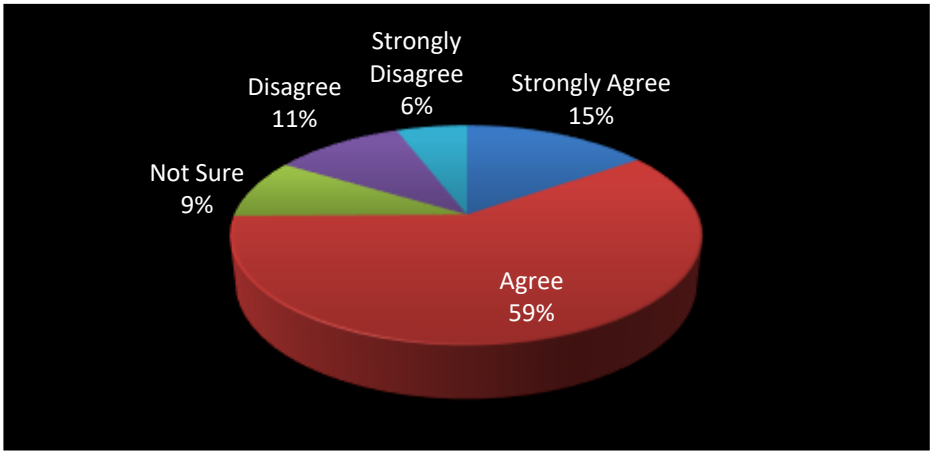

Figure 4-10: Opinions on centralised Planning.

The study established that 15% of the respondents strongly agreed, 59% agreed, 9% were not sure, 11% disagreed and 6% strongly disagreed that Kenya Commercial bank undertakes centralised planning and budgeting across subsidiaries. The findings established that 75% of the respondents agreed that Kenya Commercial Bank undertakes centralised planning and budgeting across the different subsidiaries.

As shown in ***Figure 4-10*** above, a majority of the respondents agree that Kenya Commercial Bank undertakes centralised planning and budgeting across subsidiaries. The global strategy, therefore, requires a firm to tightly coordinate its product and pricing strategies across international markets and locations and are typically highly centralised (Birnik, 2007; Buckley Ghauri, 2015).

4.2.1.2 Kenya commercial bank uses the same policies and procedures across subsidiaries

The responses sought from the respondents regarding whether Kenya commercial banks use the same policies and procedures across the different subsidiaries. The findings of a determination on whether KCB uses the same policies and procedures across subsidiaries presented in ***Figure 4-11*** below.

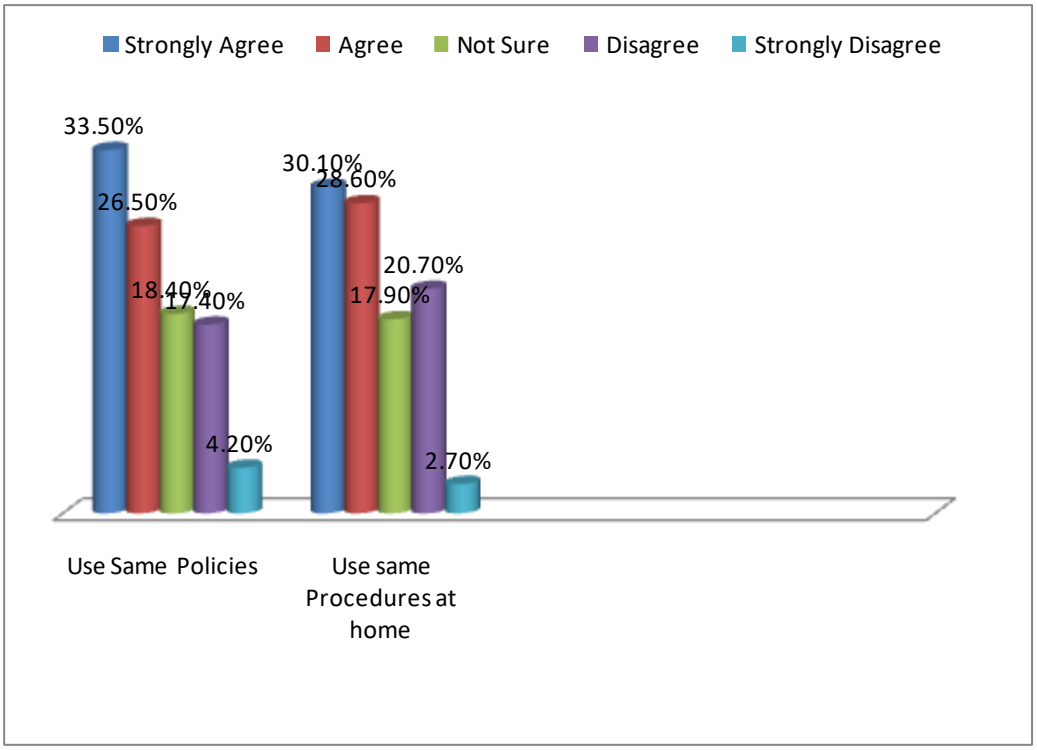

Figure 4-11: Showing whether Kenya Commercial Bank uses the same policies across different branches

The study established that 33.5% of the respondents strongly agreed, 26.5% agreed, 18.4% were not sure, 17.4% disagreed and 4.2% strongly disagreed that Kenya Commercial bank uses the same policies in the subsidiaries across the subsidiaries.

The findings provide that 60% of the respondents agreed that the Kenya commercial Bank uses the same policies across the subsidiaries.

The findings in relation whether Kenya Commercial Bank uses the same procedures across the subsidiaries were 30.1% strongly agreed, 28.6% agreed, 17.9% were not sure, 20.7% disagreed, and 2.7% strongly disagreed. The findings provide that 58.7% of the respondents agreed that the bank's procedures are similar to the subsidiaries.

As shown in ***Figure 4.11*** above, Kenya Commercial uses both similar policies and procedures in cross-border banking. Policies fostering more integrated

banking frameworks could, for example, include reducing the complexity and length of the licensing process; reducing initial capital requirements for bank subsidiaries; reducing or doing away with requirements to establish new branches where these exist (leaving, for example, decisions about the structure and security of bank premises to the banks); encouraging full mobility in the use of labor (skills transfer); encouraging the use of centralised, common IT platforms for both internal operations and provision of client services (such as ATMs, card services, and internet banking); and allowing the establishment of centralised audit and risk management system(Beck, 2007; Beck & Wagner, 2013; Beck *et al.,* 2014).

4.2.1.3 Use of the same policies in the subsidiaries with home country and competitiveness

The responses sought from the respondents regarding whether undertaking use of the same policies in the subsidiaries with home country enhances competitiveness. Findings of the study about subsidiary undertaking research and development enhance competitiveness provided in ***figure 4-12*** below.

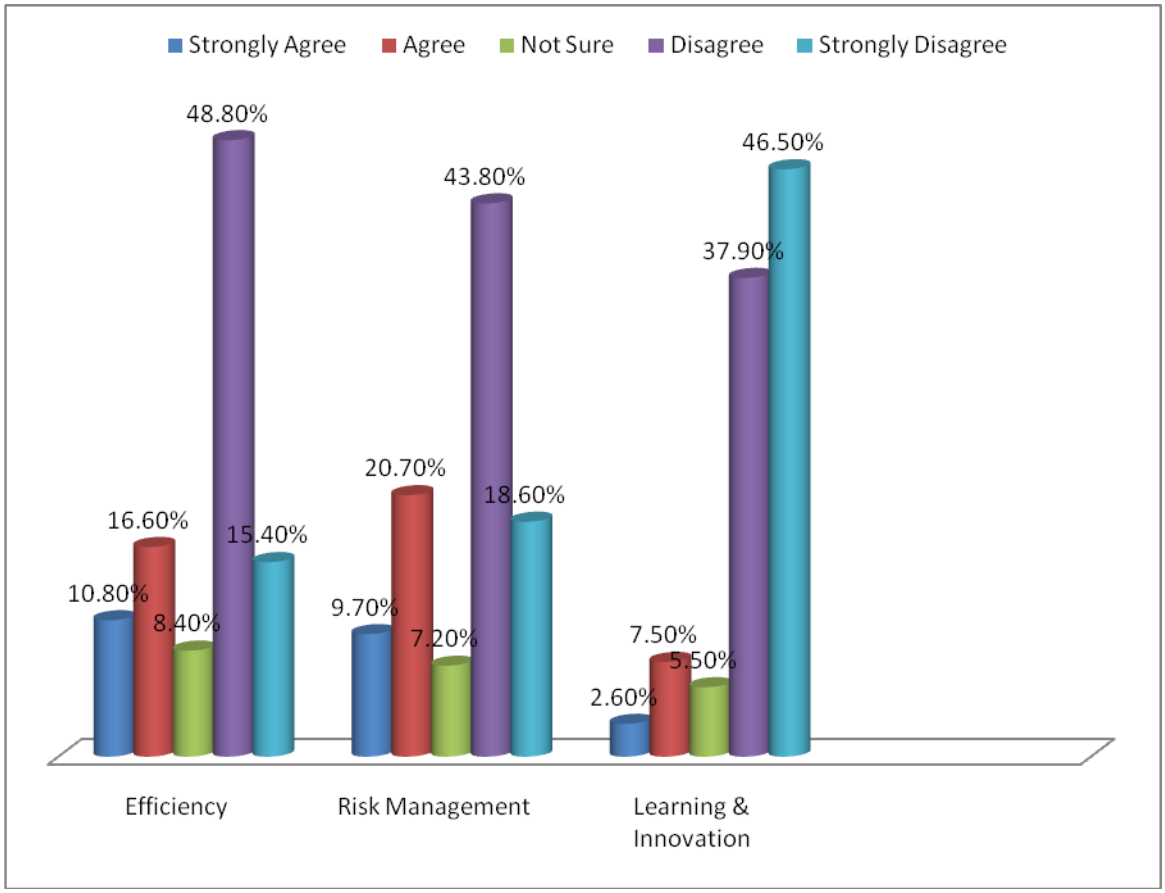

Figure 4-12: Showing whether use of same policies in the subsidiaries enhances competitiveness

The study established that 10.8% of the respondents strongly agreed, 16.6% agreed, 8.4% were not sure, 48.8% disagreed and 15.4% strongly disagreed that use of different policies enhances efficiency. The findings provide that 64.2% of the respondents disagreed with the notion that use of the same policy in the subsidiary which is the same as the home country enhances efficiency.

The findings in relation whether the use of the same policy in the subsidiary which is similar with home country enhances risk management the findings of the study were 9.7% strongly agreed, 20.7% agreed, 7.2% were not sure, 43.8% disagreed, and 18.6% strongly disagreed. Quantitative findings highlight that 62.4% of the respondents disagreed with the notion that use of same policy in the subsidiaries with home country enhances risk management. Use of different policies in the subsidiaries doesn't enhance risk management.

The study also established that 2.6% of the respondents strongly agreed, 7.5% agreed, 5.5% were not sure, 37.9% disagreed and 46.5% strongly disagreed that use of the same policies in the subsidiaries which are similar with home enhances learning and innovation. Quantitative data established that 84.4% disagreed that use of same procedures in the subsidiaries with the home country enhances learning and innovation. Use of same policies at home and subsidiaries doesn't enhance competitiveness. Birnik (2007) also argues that a global strategy views competitive advantage as being based on capturing global scale economies through the integration of the activities of the business and focusing on customer demands that are standard across markets.

As shown in ***Figure 4.12*** above, highlights that use of same policies in the subsidiary with a home country doesn't enhance competitiveness.

4.2.1.4 Cross-border banking with standardisation of products and competitiveness

The responses sought from the respondents regarding whether standardisation enhances competitiveness. The findings of the study are in relation to whether standardisation enhances competitiveness provided in ***figure 4-13*** below.

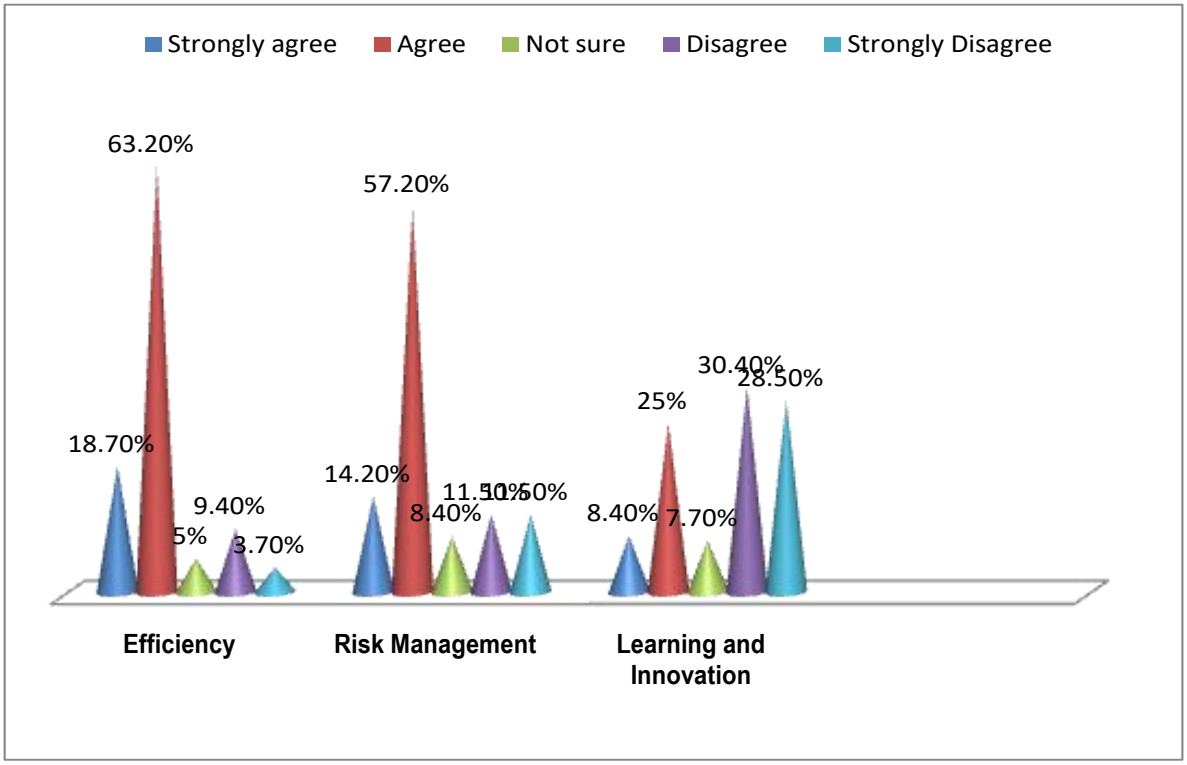

Figure 4-13: Showing whether standardization of products and services enhances competitiveness

The study established that 18.7% of the respondents strongly agreed, 63.2% agreed, 5% were not sure, 9.4% disagreed and 3.7% strongly disagreed that standardisation of products enhances efficiency. The findings provide that 81.9% of the respondents generally agreed that standardisation enhances efficiency. The process of standardisation of products reduces the administrative costs of monitoring and supervision together with management of diverse operations across different subsidiaries with different standards.

The findings in relation whether standardisation of products enhances risk management the findings of the study were 14.2% strongly agreed, 57.2% agreed, 8.4% were not sure, 11.5% disagreed, and 8.7% strongly disagreed that standardisation doesn't enhance risk management. The findings provide that 71.4% of the respondents agreed that standardisation enhances risk management.

The study also established that 8.4% of the respondents strongly agreed, 25% agreed, 7.7% were not sure, 30.4% disagreed, and 28.5% strongly disagreed that standardisation doesn't enhance learning and innovation. The findings provide that 58.9% of the respondents disagreed that standardisation enhances doesn't enhance learning and innovation. Standardisation, therefore, doesn't enhance learning and innovation.

As shown in ***figure 4-13*** above, there are two dimensions; efficiency and risk management are enhanced by standardisation, but learning and innovation are not enhanced by standardisation of products and services. This implies that standardisation contributes to competitiveness. Fiechter et al., (2011) argues that the global strategy utilises a more integrated banking framework which relies on branches or subsidiaries that are closely linked to the parent bank implies that funding, asset allocation, and risk management are centralised in order to maximize returns at the consolidated level.

4.2.1.5 Standardisation of customer care across subsidiaries and competitiveness

The responses sought from the respondents regarding whether standardisation of customer care enhances competitiveness. Findings in relation to standardisation of customer care across subsidiaries enhance competitiveness provided in ***Figure 4.14*** below.

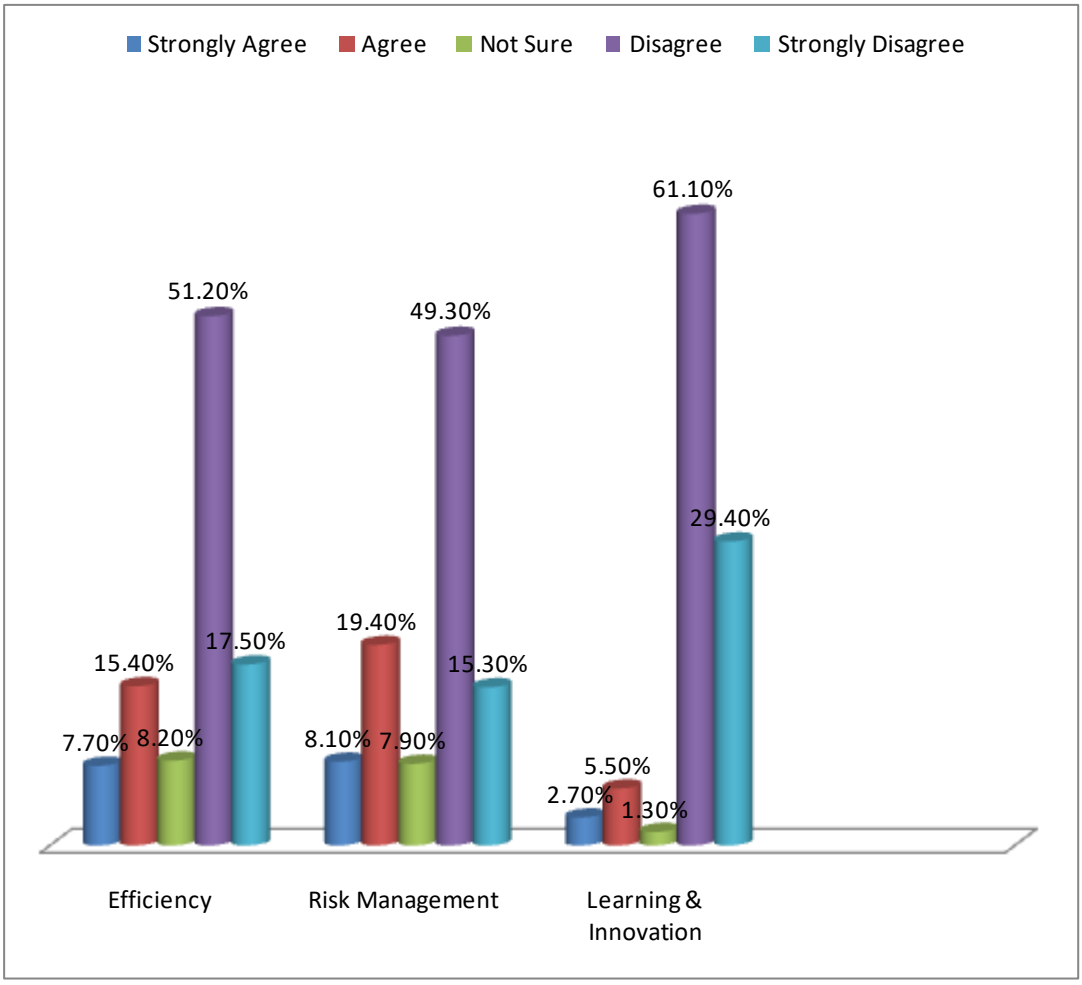

Figure 4-14: Showing influence of standardisation of customer care on competitiveness

The study established that 7.7% of the respondents strongly agreed, 15.4% agreed, 8.2% were not sure, 51.2% disagreed and 17.5% strongly disagreed that standardisation of customer care across subsidiaries enhances efficiency. The findings provide that 68.7% of the respondents generally disagreed that standardisation of customer care across subsidiaries enhances efficiency.

The findings on the impact of standardisation customer care across subsidiaries on risk management were 8.1% strongly agreed, 19.4% agreed, 7.9% were not sure, 49.3% disagreed, and 15.3% strongly disagreed. Quantitative findings highlight that 64.6% of the respondents generally disagreed with the notion that

standardisation of customer care in the subsidiary enhances risk management. Standardisation of customer care across subsidiaries enhances risk management.

The study also established that 1.7% of the respondents strongly agreed, 4.5% agreed, 1.3% were not sure, 62.1% disagreed and 30.4% strongly disagreed that standardisation of customer care across subsidiaries enhances learning and innovation. Quantitative data generally established that 92.5% disagreed that standardisation of customer care across subsidiaries enhances learning and innovation. Undertaking customer care in the subsidiary the same way it's undertaken in the home market doesn't enhance learning and innovation.

As shown in ***figure 4-14*** above, standardisation of customer care across subsidiaries doesn't enhance competitiveness. Beck et al. (2014) argue that a global strategy with standardised and centralised strategy is driven by the ambition to service large home corporate clients in the process of development of their business abroad. The strategy has been significantly pursued by big multi-national enterprises mainly competitiveness is enhanced with the superiority of brands.

4.2.1.6 Pursuit of cross-border banking with focus on global appeal and competitiveness

The responses sought from the respondents regarding whether the pursuit of cross-border banking with a focus on capturing global appeal enhances competitiveness. Findings in relation to whether the pursuit of global appeal enhances competitiveness provided in ***figure 4-15*** below.

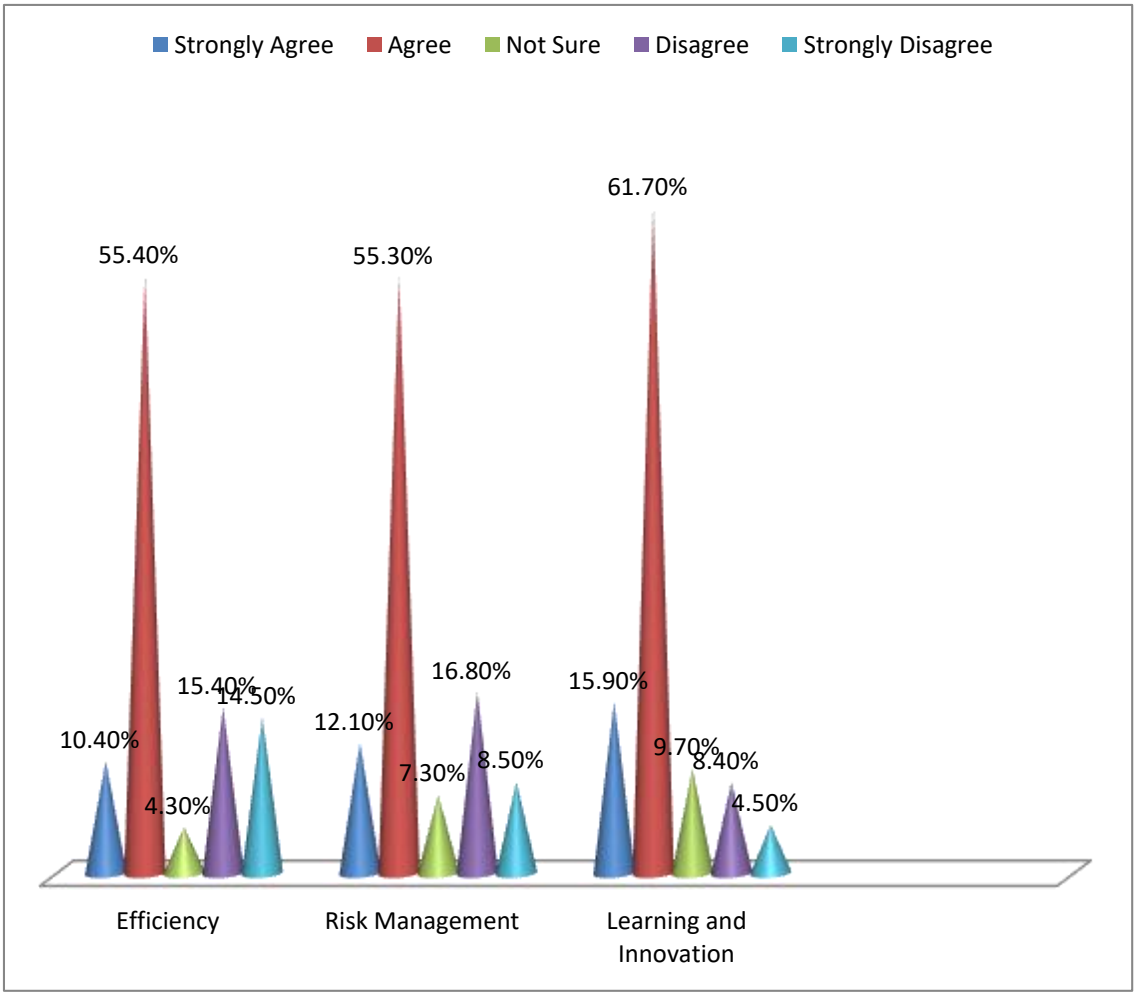

Figure 4-15: Showing the influence of cross-border banking with a focus on global appeal enhances competitiveness.

The study established that 10.4% of the respondents strongly agreed, 55.4% agreed, 4.3% were not sure, 15.4% disagreed and 14.5% strongly disagreed that pursuit of global appeal enhances efficiency. The findings provide that 65.8% of the respondents agreed that pursuit of global appeal enhances efficiency.

The findings in relation whether the pursuit of global appeal enhances risk management the findings of the study were 12.1% strongly agreed, 55.3% agreed, 7.3% were not sure, 16.8% disagreed, and 8.5% strongly disagreed that standardisation doesn't enhance risk management. The findings provide that

67.4% of the respondents agreed that pursuit of global appeal enhances risk management.

The study also established that 15.9% of the respondents strongly agreed, 61.7% agreed, 9.7% were not sure, 8.4% disagreed, and 4.5% strongly disagreed that pursuit of global appeal enhances learning and innovation. The findings provide that 77.6 % of the respondents agreed that standardisation enhances enhance learning and innovation. This implies that pursuit of global appeal enhances learning and innovation.

As shown in ***figure 4-15*** above, the pursuit of global appeal enhances competitiveness in all the dimensions of efficiency, risk management, learning, and innovation. Globalisation has been one of the major drivers towards cross-border banking in a bid to respond to global dynamics and capturing of global appeal African banks established branches across the borders (Beck *et al.,* 2014; Beck & Brown, 2015). A global strategy involves a carefully crafted single strategy for the entire network of subsidiaries and partners, encompassing many countries simultaneously and leveraging synergies across many countries (Twarowska and Kakol, 2013).

4.2.1.7 Pursuit of cross-border banking with focus on global dynamics and competitiveness

The responses sought from the respondents regarding whether the pursuit of cross-border banking with a focus on responding to global dynamics and competitiveness. Findings in relation to whether the pursuit of competitiveness by responding to global dynamics enhances competitiveness presented in ***figure 4-16*** below.

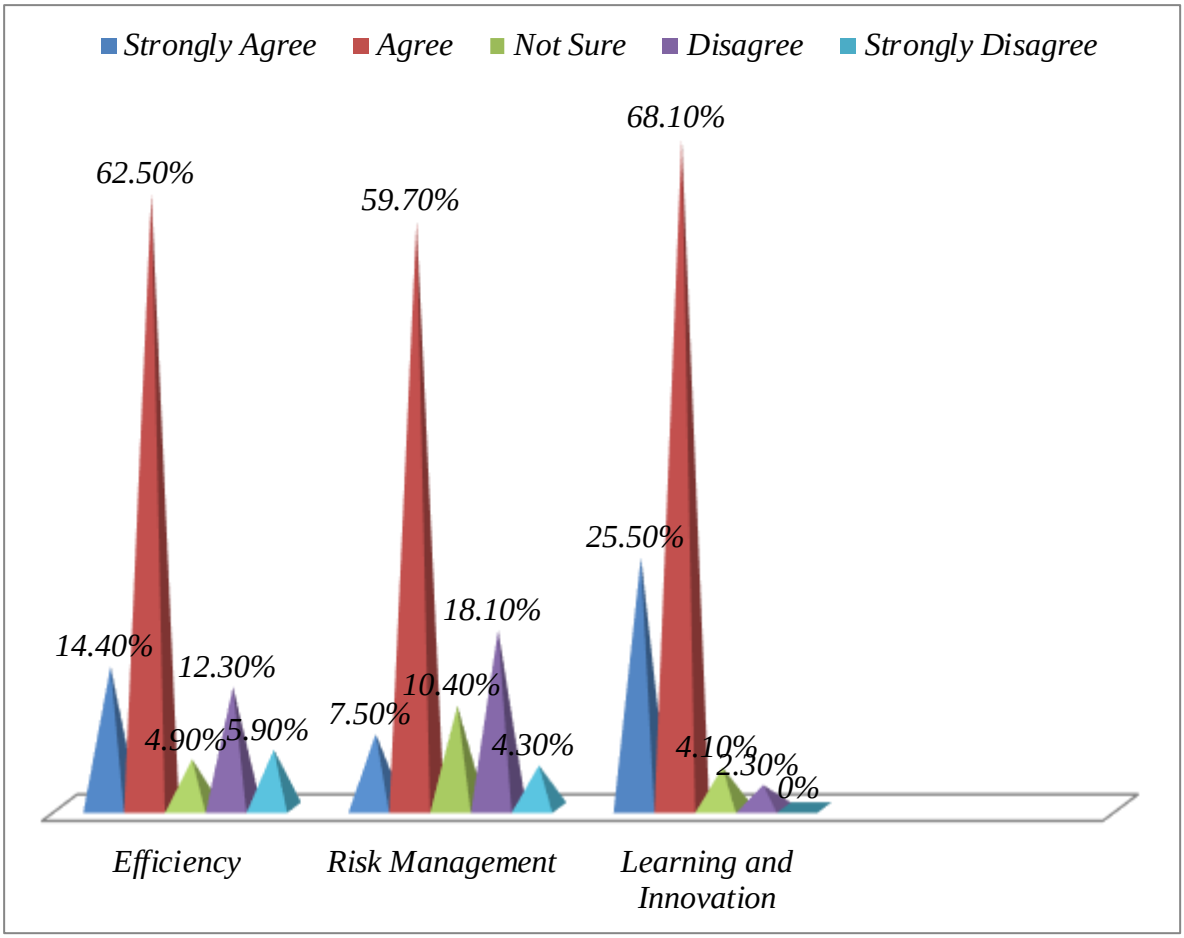

Figure 4-16: Showing the influence of focusing on global dynamics on competitiveness.

The study established that 14.4% of the respondents strongly agreed, 62.5% agreed, 4.9% were not sure, 12.3% disagreed and 5.9% strongly disagreed that pursuit of global appeal enhances efficiency. The findings provide that 76.9% of the respondents agreed that pursuit of competitiveness by responding to global dynamics enhances efficiency.

The findings in relation whether the pursuit of competitiveness by responding to global dynamics enhances risk management the findings of the study were 7.5% strongly agreed, 59.7% agreed, 10.4% were not sure, 18.1% disagreed, and 4.3% strongly disagreed that standardisation doesn't enhance risk management. The findings provide that 67.2% of the respondents agreed that pursuit of

competitiveness by responding to global dynamics enhances risk management. Pursuit of cross-border banking by responding to global dynamics enhances risk management.

The study also established that 25.5% of the respondents strongly agreed, 68.1% agreed, 4.1% were not sure, and 2.3% disagreed that pursuit of cross-border banking by responding to global dynamics enhances learning and innovation. The findings provide that 93.6 % of the respondents generally agreed responding to global dynamics enhances learning and innovation. The pursuit of global appeal enhances learning and innovation.

As shown in ***Figure 4-16*** above, the pursuit of cross-border banking by responding to global dynamics enhances competitiveness. Globalisation has been one of the major drivers towards cross-border banking in a bid to respond to global dynamics and capturing of global appeal African banks established branches across the borders (Beck *et al.,* 2014).

4.2.1.8 Pursuit of cross-border banking with focus on capturing global markets and competitiveness

The responses sought from the respondents regarding whether the pursuit of cross-border banking with a focus on responding to capturing global markets and competitiveness. Findings in relation to whether the pursuit of cross-border banking in order capture global markets enhances competitiveness presented in ***Figure 4-17*** below.

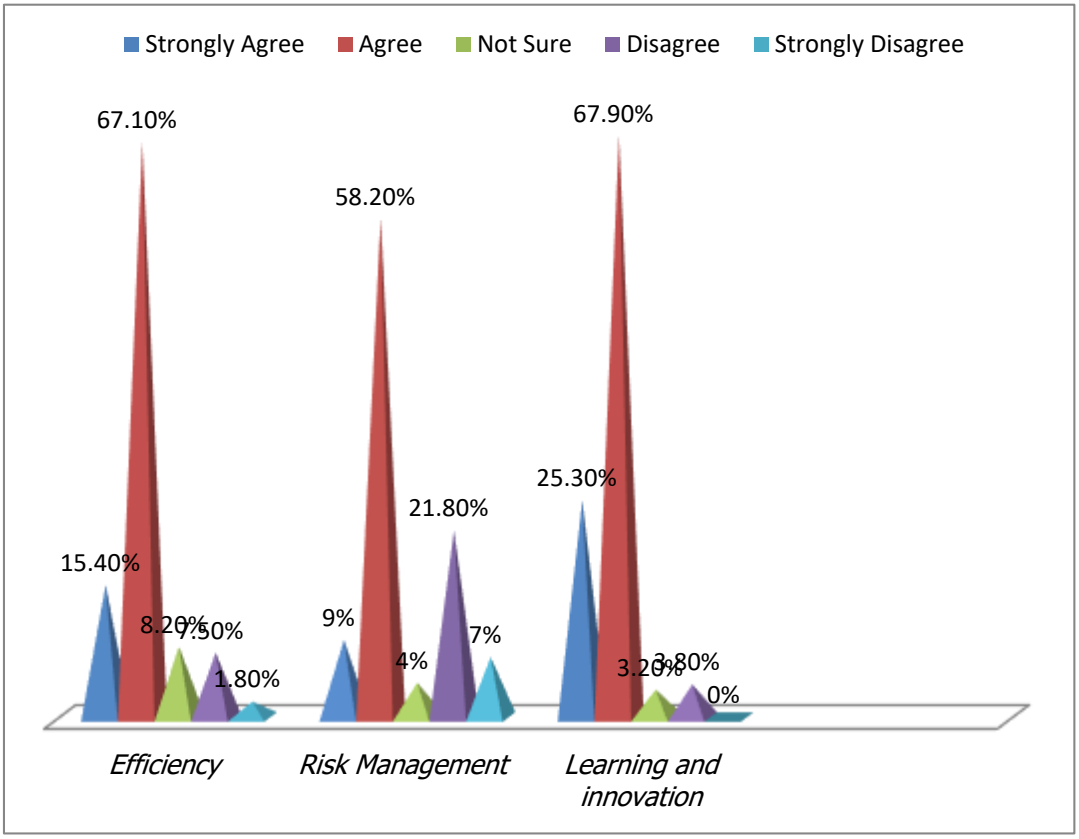

Figure 4-17: Showing whether pursuit of cross-border banking with a focus on capturing global markets enhances competitiveness

The study established that 15.4% of the respondents strongly agreed, 67.1% agreed, 8.2% were not sure, 7.5% disagreed and 1.8% strongly disagreed that pursuit of global appeal enhances efficiency. The findings provide that 82.6% of the respondents generally agreed that pursuit of cross-border banking in pursuit of capturing global markets enhances efficiency.

The findings in relation whether the pursuit of competitiveness by responding to global dynamics enhances risk management the findings of the study were 9% strongly agreed, 58.2% agreed, 4% were not sure, 21.8% disagreed, and 7% strongly disagreed that pursuit of cross-border banking towards competitiveness enhances risk management. The findings provide that 67.2% of the respondents generally agreed that pursuit of cross-border banking by responding to global

markets enhances risk management. This implies that pursuit of cross-border banking in pursuit of global markets enhances risk management.
The study also established that 25.3% of the respondents strongly agreed, 67.9% agreed, 3.2% were not sure, and 3.6% disagreed that pursuit of cross-border banking with intent to capturing global markets enhances learning and innovation. The findings provide that 93.2 % of the respondents generally agreed pursuit of cross-border banking with the intent of capturing global markets enhances learning and innovation. This implies that pursuit of cross-border banking in order to capture global markets enhances learning and innovation.

As shown in ***Figure 4-17*** above, the pursuit of cross-border banking with the intention of capturing global markets enhances competitiveness. The global strategy is highly appreciated, which renders the traditional way of doing business irrelevant and makes it vital for managers to have a global mindset (Twarowska and Kakol, 2013).

4.2.1.9 Relationship between global strategy and competitiveness

Inferential statistics were used to determine the relationship between global strategy and competitiveness. The relationship between global strategy and competitiveness was investigated using non-parametric Spearman's Rank correlation.

The variables used for investigation were global appeal and response to global dynamics as a means of assessing the relationship between global strategy and competitiveness.

Findings are providing insight regarding the relationship between global strategy and competitiveness presented in ***Table 4-35*** below.

Table 4-35: Spearman Rank Correlation for Global Strategy and competitiveness.

Spearman's Rank Correlations							
			Pursue cross border to capture global appeal	Pursue cross-border banking to respond to global dynamics	Efficiency	Risk Management	Learning and Innovation
	Pursue cross border to capture global appeal	Correlation Coefficient	1.000	0.643	0.310	0.599	0.749
		P-value		0.000	0.000	.000	0.001
		N	168	168	168	168	168
	Pursue cross-border banking to respond to global dynamics	Correlation Coefficient	0.643	1.000	.295	0.582	0.704
		P-value	0.000		0.000	0.012	0.003
		N	168	168	168	168	168

The relationship between global strategy and competitiveness was investigated using non-parametric Spearman's Rank correlation.

There was a strong significant positive relationship between pursuance of cross border banking to capture global appeal and response to global dynamics (rho = 0.643, P-value<0.01).

The findings indicate a weak significant positive relationship between capture global appeal and efficiency (rho = 0.31, P- value<0.01), capture global appeal and risk management (rho =0.599, P- value<0.01) and a significantly strong positive relationship capture global appeal and learning with innovation (rho =0.749, P-value<0.01).

Inferential statistics highlight that pursuit of cross-border banking in order to capture global appeal is positively correlated with response to global dynamics. The findings also imply that pursuit of cross-border banking with focus of capturing global appeal enhances efficiency, risk management, learning, and innovation.

The findings in relation to global dynamics and competitive indicated that, there was weak significant positive relationship between pursuit of cross-border

banking to respond to global dynamics and efficiency (rho= 0.295, P-value<0.01), but a strong positive relationship between pursuit of cross-border banking to respond to global dynamics and risk management (rho= 0.582, P- value = 0.019) and very strong relationship between pursuit of cross-border banking to respond to global dynamics to learning and innovation (rho = 0.704, P-value = 0.008). *The findings also imply that pursuit of cross-border banking in order to respond to global dynamics enhances efficiency, risk management, learning, and innovation.*

As shown in ***Table 4-35*** above, the inferential statistics also confirm that global strategy is related to competitiveness.

4.2.2 Examination of influence of multi-domestic strategy on competitiveness by Kenya commercial bank

The multi-domestic strategy was examined by assessing the different dimensions of multi-domestic strategy and competitiveness. The different dimensions of multi-domestic strategy were management strategies, marketing strategies, policies, human resource management, and management. Competitiveness was analysed using the different concepts of competitive advantage; efficiency, risk management, learning, and innovation. The multi-domestic strategy involves careful crafting of different unique strategies for the different subsidiaries to address unique aspects of subsidiary countries (Diaconu, 2011); takes on very different characteristics depending on production scale economics and transportation costs (Lessard, 2003).

4.2.2.1 Kenya Commercial banks undertake decentralised planning and utilise different structures across different subsidiaries

The responses sought from the respondents regarding whether Kenya Commercial bank undertakes decentralised planning and utilise different structures across different subsidiaries. Findings in relation to whether KCB undertakes decentralised planning and utilises different structures presented in ***figure 4-18*** below.

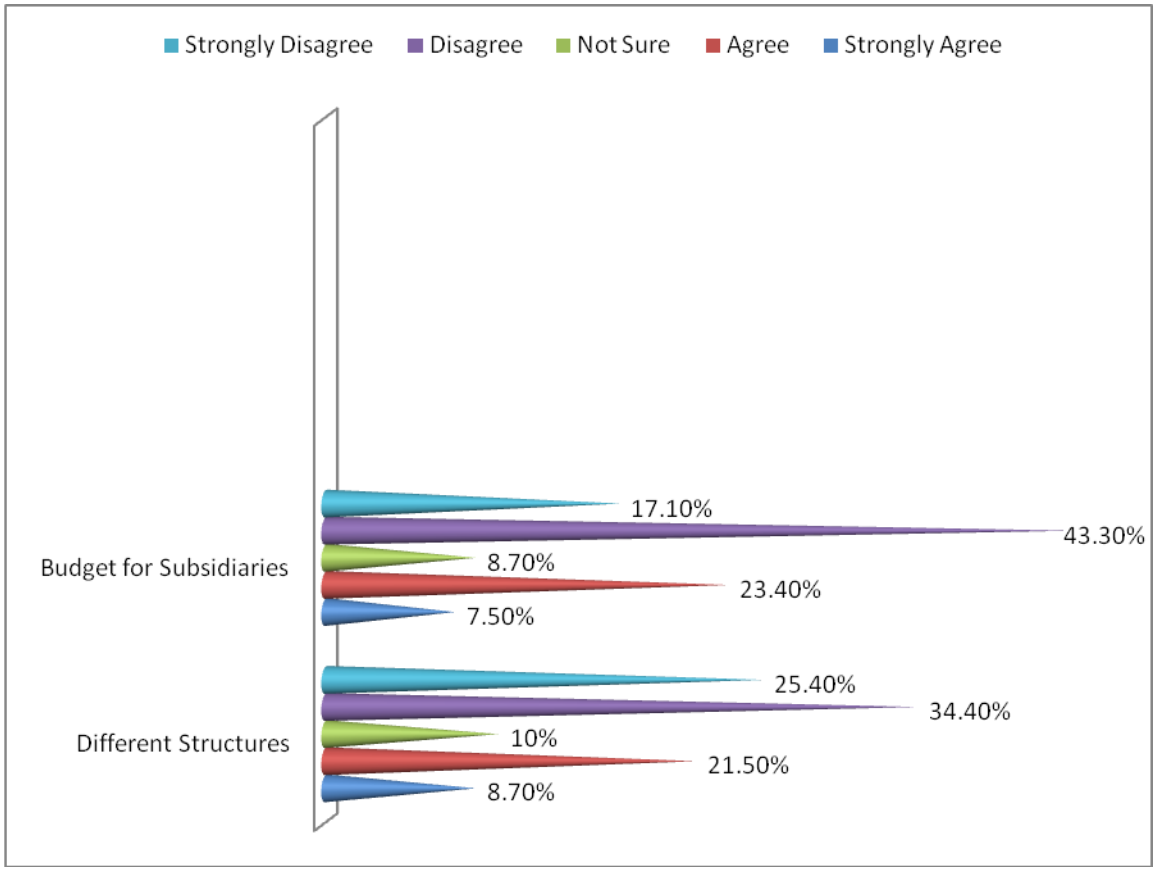

Figure 4-18: Showing whether KCBs undertakes decentralised planning and use different structures

The study established that 15.4% of the respondents strongly agreed, 67.1% agreed, 8.2% were not sure, 7.5% disagreed and 1.8% strongly disagreed that pursuit of global appeal enhances efficiency. The findings provide that 82.6% of the respondents generally agreed that pursuit of cross-border banking in pursuit of capturing global markets enhances efficiency.

The findings in relation whether the pursuit of competitiveness by responding to global dynamics enhances risk management the findings of the study were 9% strongly agreed, 58.2% agreed, 4% were not sure, 21.8% disagreed, and 7% strongly disagreed that pursuit of cross-border banking towards competitiveness enhances risk management. The findings provide that 67.2% of the respondents generally agreed that pursuit of cross-border banking by responding to global

markets enhances risk management. This implies that pursuit of cross-border banking in pursuit of global markets enhances risk management.

The study also established that 25.3% of the respondents strongly agreed, 67.9% agreed, 3.2% were not sure, and 3.6% disagreed that pursuit of cross-border banking with intent to capturing global markets enhances learning and innovation. The findings provide that 93.2 % of the respondents generally agreed pursuit of cross-border banking with the intent of capturing global markets enhances learning and innovation. This implies that pursuit of cross-border banking in order to capture global markets enhances learning and innovation.

As shown in ***Figure 4-18*** above, the pursuit of cross-border banking with the intention of capturing global markets enhances competitiveness. The multi-domestic strategy uses a highly decentralised framework as the affiliates operate as independent entities from the parent, but they lend and trade using the capital base of the parent and operate under the jurisdiction of the home country (D'Hulster & Ötker-Robe, 2014); its characterized by a high degree of autonomy for the subsidiary and decentralised decision-making (Birnik, 2007).

4.2.2.2 Use of different management strategies in cross-border banking enhances competitiveness

The responses sought from the respondents regarding whether the pursuit of cross-border banking using different strategies enhances competitiveness. Findings in relation to whether the pursuit of competitiveness by responding to global dynamics provided in ***figure 4-19*** below.

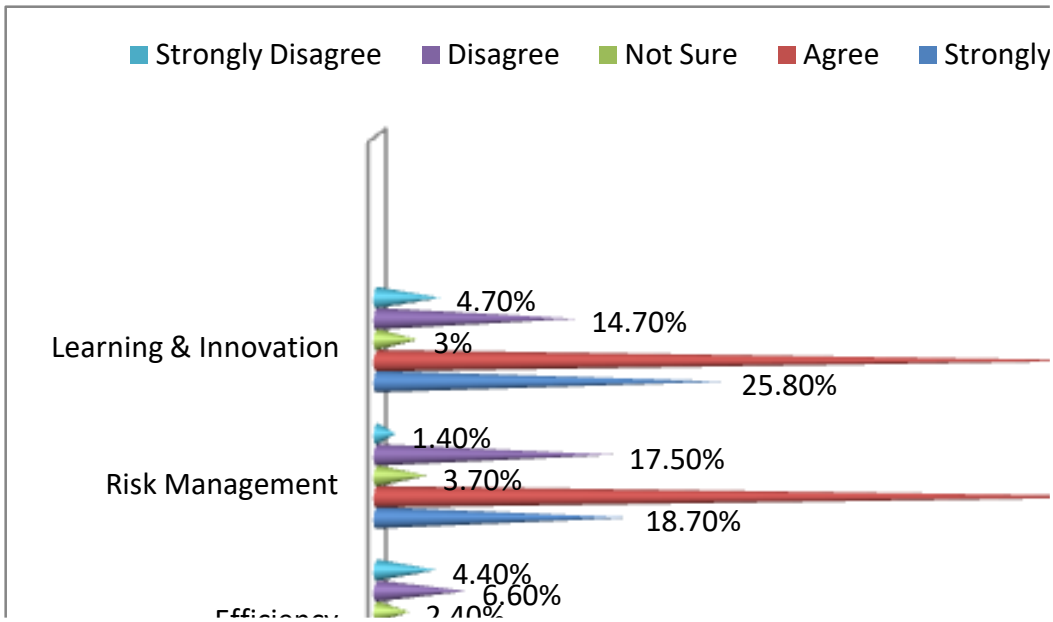

Figure 4-19: Showing the opinion of respondents whether use of different marketing strategies enhances competitiveness

The study established that 29.3% of the respondents strongly agreed, 57.3% agreed, 2.4% were not sure, 6.6% disagreed and 4.4% strongly disagreed that pursuit of global appeal enhances efficiency. The findings provide that 76.6% of the respondents generally agreed that use of different marketing strategies enhances efficiency.

The findings in relation whether the pursuit of competitiveness by responding to global dynamics enhances risk management the findings of the study were 18.7% strongly agreed, 58.7% agreed, 3.7% were not sure, 17.5% disagreed, and 1.4% strongly disagreed that standardisation doesn't enhance risk management. The findings provide that 77.4% of the respondents generally agreed that use of different marketing strategies enhances risk management. This implies that use of different marketing strategies enhances risk management.

The study also established that 25.8% of the respondents strongly agreed, 54.8% agreed, 3% were not sure, 14.7% disagreed and 4.7% strongly disagreed that use of different marketing strategies enhances learning and innovation. The findings provide that 80.6 % of the respondents generally agreed that use of different marketing strategies enhances learning and innovation. This implies that

use of different marketing strategies in cross-border banking enhances learning and innovation.

As shown in ***Figure 4-19*** above, highlights that pursuit of cross-border banking by pursuing different management strategies enhances competitiveness. The subsidiaries in the multi-domestic strategy are self-sufficient, implying there are more stand-alone value chains in the different countries (Child, 2005); the strategy employed by the banks can take multi-domestic (typically stand-alone subsidiary structure) are self-sufficient entities, operating nationally with effective firewalls between other parts of the group (D'Hulster & Ötker-Robe, 2014).

4.2.2.3 Use of different policies in cross-border banking adapted to local environments enhances competitiveness

The responses sought from the respondents regarding whether the pursuit of cross-border banking using different policies adapted to local environments enhances competitiveness. Findings in relation to whether the use of different policies adapted to local environments enhances competitiveness presented in ***Figure 4-20*** below.

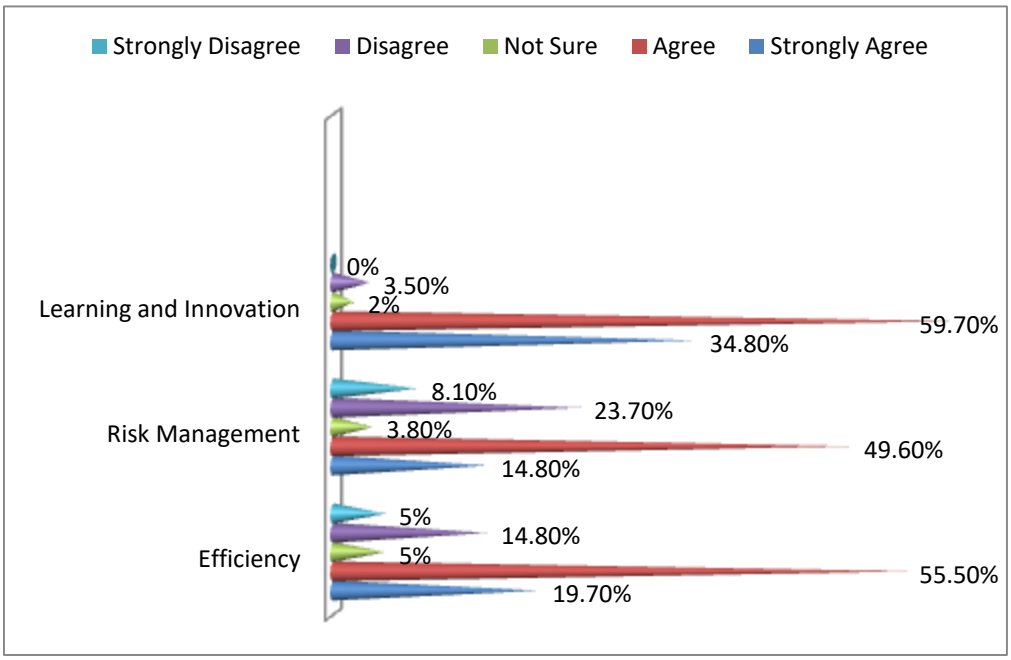

Figure 4-20: Showing influence of different policies in subsidiaries enhances competiveness

The study established that 19.7% of the respondents strongly agreed, 55.5% agreed, 5% were not sure, 14.8% disagreed and 5% strongly disagreed that use of different policies adapted to the local environments enhances efficiency. The findings provide that 75.2% of the respondents generally agreed that use of different policies adapted to the local environments enhances efficiency.

The findings in relation whether the use of different policies adapted to local environments enhances risk management the findings of the study were 14.8% strongly agreed, 49.6% agreed, 3.8% were not sure, 23.7% disagreed, and 8.1% strongly disagreed. The findings provide that 64.4% of the respondents agreed that use of different policies enhances risk management. Use of different marketing strategies enhances risk management.

The study also established that 34.8% of the respondents strongly agreed, 59.7% agreed, 2% were not sure, and 3.5% disagreed that use of different policies adapted to local environments enhances learning and innovation. The findings provide that 94.5 % of the respondents agreed that use of different policies adapted to local environments enhances learning and innovation. Use of different policies in cross-border banking enhances learning and innovation.

As shown in ***Figure 4-20*** above, use of different policies in cross-border banking enhances competitiveness. Cross-border banks are pursuing decentralised multi-domestic business framework responding to the different territories preferred by both host and home country supervisors (D'Hulster & Ötker-Robe, 2014). The multi-domestic strategy adopted by the banks as the banks are seeking to exploit unique opportunities the growth sectors of the different economies (Beck et al., 2014). The multi-domestic strategy is suitable for African countries with shallow financial markets with the simultaneous presence of four adverse characteristics of African economies and societies (Honohan and Beck, 2007; Beck and Cull, 2013).

4.2.2.4 Independent management of human resources in the subsidiaries enhances competitiveness

The responses sought from the respondents regarding whether the pursuit of cross-border banking using independent management of human resources in the subsidiaries enhances competitiveness. Findings of whether the use of

independent human resources in the subsidiaries enhances competitiveness presented in ***Figure 4-21*** below.

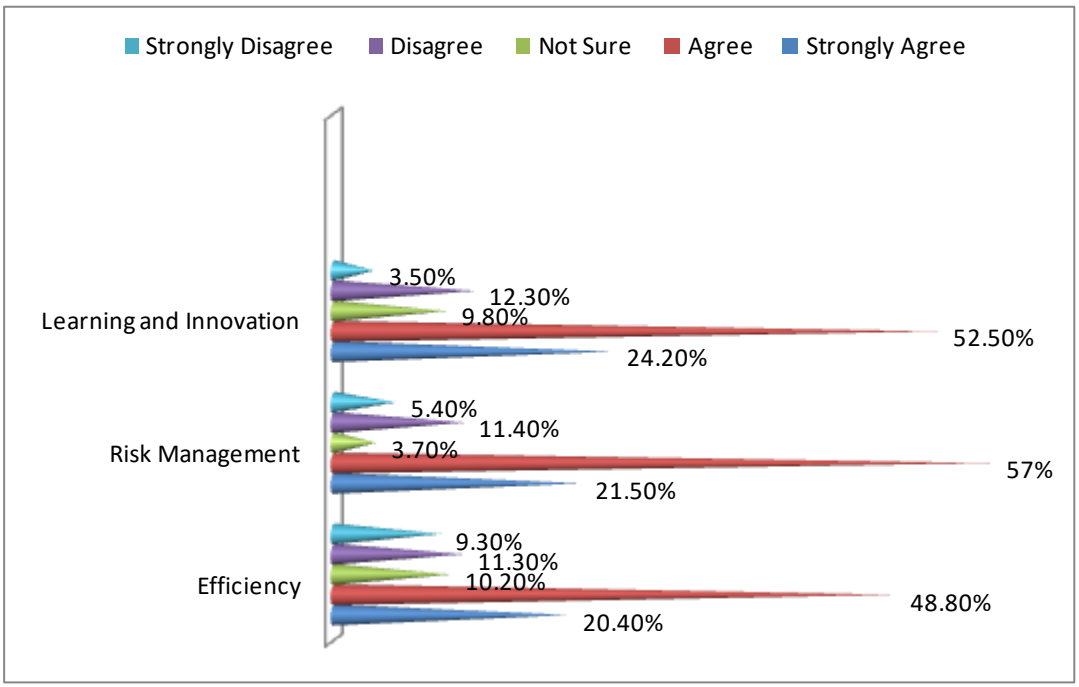

Figure 4-21: Showing the influence of independent HR management on competitiveness

The study established that 20.4% of the respondents strongly agreed, 48.8% agreed, 10.2% were not sure, 11.3% disagreed and 9.3% strongly disagreed that use of independent human resources enhances efficiency. The findings provide that 69.2% of the respondents agreed that use of independent human resources enhances efficiency.

The findings in relation whether the use of independent human resources enhances risk management the findings of the study were 21.5% strongly agreed, 57% agreed, 3.7% were not sure, 11.4% disagreed, and 5.4% strongly disagreed. The findings provide that 78.5% of the respondents agreed that independent human resource management in subsidiaries enhances risk management. Use of independent human resource management enhances risk management.

The study also established that 37.2% of the respondents strongly agreed, 52.5% agreed, 3.8% were not sure, and 5.3% disagreed and 1.2% strongly disagree that independent human resource management enhances learning and innovation. The findings provide that 89.7 % of the respondents agreed that independent human resources enhance learning and innovation. Use of independent human resources in subsidiaries enhances learning and innovation.

As shown in ***Figure 4-21*** above, highlights that use of independent human resources in subsidiaries enhances competitiveness. The strategy, in this case, treats competition in each country on a 'stand-alone basis', while a global strategy takes 'an integrated approach' across different countries (Yip, 2002); it's about decentralization of value adding process as a means of responding to local tastes in order to facilitate competition (Birnik, 2007). The process of employing or using independent human resources facilitates competitiveness.

4.2.2.5 Employment of different management strategies in the subsidiaries and competitiveness

The responses sought from the respondents regarding whether the pursuit of cross-border banking using different management strategies in the subsidiaries enhances competitiveness. Findings of whether the use of different management strategies enhances competitiveness presented in ***figure 4-22*** below.

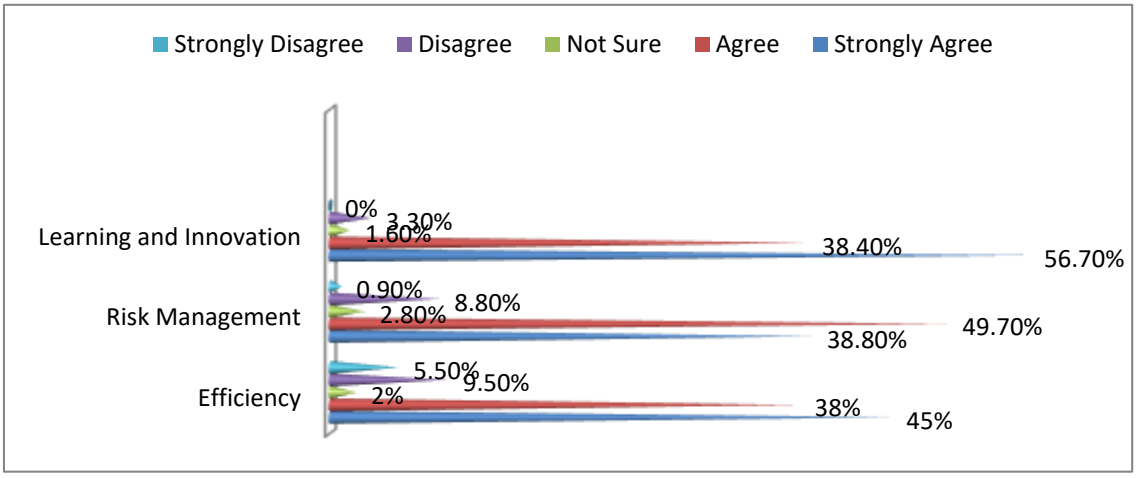

Figure 4-22: Showing whether use of different management strategies enhance competitiveness

The study established that 45% of the respondents strongly agreed, 38% agreed, 2% were not sure, 9.5% disagreed and 5.5% strongly disagreed that use of different management strategies enhances efficiency. The findings provide that 83% of the respondents agreed that use of different management strategies enhances efficiency.

The findings in relation whether the use of different management strategies enhances risk management the findings of the study were 38.8% strongly agreed, 49.7% agreed, 2.8% were not sure, 8.8% disagreed, and 0.9% strongly disagreed. The findings provide that 88.5% of the respondents agreed that use of different management strategies in subsidiaries enhances risk management. Use of different management strategies enhances risk management.

The study also established that 56.7% of the respondents strongly agreed, 38.4% agreed, 1.6% were not sure, and 3.3% disagreed that use of different management strategies enhances learning and innovation. The findings provide that 89.7 % of the respondents agreed that independent human resources enhance learning and innovation. Use of different management strategies in subsidiaries enhances learning and innovation.

As shown in ***figure 4-22*** above, use of different management strategies in subsidiaries enhances competitiveness. Twarowska and Kakol (2013) argue that a multi-domestic strategy leads to a wide variety of business strategies, and a high level of adaptation to the local business environment. The strategy employs a different approach for each market. The strategy emphasizes competition within each country through segmentation of markets by national boundaries (Luo and Shenkar, 2006). The strategy does not encourage misalignments between environmental elements so an independent firm's strategy may create barriers to operations, thus hindering effectiveness (Cui, Griffith and Cavusgil, 2005). The strategy offers local responsiveness, as the units are fairly independent and operate with limited involvement by the parent company at the headquarters (Birnik, 2007).

4.2.2.6 Relationship between multi-domestic strategy and competitiveness

The relationship between multi-domestic strategy and competitiveness was investigated using non-parametric Spearman's Rank correlation. Findings are providing insight regarding the relationship between multi-domestic strategy and competitiveness presented in ***Table 4-36*** below.

Table 4-36: The relationship between multi-domestic strategy and competitiveness

Spearman's Rank Correlations							
		Bank Decentralises operations across subsidiaries	use independent marketing strategies at subsidiaries	Use different policies in subsidiaries	Efficiency	Risk Management	Learning and Innovation
	Bank Decentralises operations across subsidiaries	1.000	0.791	.856	.445	.389	.397
			.000	.000	.000	.000	.000
	N	168	168	168	168	168	168
	use independent marketing strategies at subsidiaries	0.791	1.000	.656	.373	.349	.287
		.000		.000	.000	.000	.000
	N	168	168	168	168	168	168
	Use different policies in subsidiaries	.856	.656	1.000	.398	.319	.310
		.000	.000		.000	.000	.000
	N	168	168	168	168	168	168

The relationship between multi-domestic strategies and competitiveness was investigated using non-parametric Spearman's Rank. There was a very strong significant positive relationship between bank decentralisation of operations across subsidiaries and use independent marketing strategies at subsidiaries (rho= 0.791, P-value<0.01), between bank decentralisation of operations across subsidiaries and use different policies in subsidiaries (rho=0.856, P-value<0.01), weak correlation between bank decentralisation of operations across subsidiaries and efficiency (rho=0.445, P-value<0.01), between bank decentralisation of operations across subsidiaries and risk management (rho= 0.389, P-value<0.01) and between bank decentralisation of operations across subsidiaries and learning and innovation (rho=0.797, P-value<0.01). Inferential statistics highlight

that decentralised operations in the subsidiary enhances use of independent marketing, different policies, efficiency, risk management, learning and innovation learning, and innovation. However, findings suggest that there is a weak relationship between relationship between decentralised operations with efficiency and risk management. The findings imply that decentralised operations significantly enhances, independent marketing, different policies, learning, and innovation.

There was strong significant positive relationship between use independent marketing strategies at subsidiaries and use different policies in subsidiaries (rho=0.656, P- value<0.01), weak positive relationship between use independent marketing strategies at subsidiaries and efficiency (rho=0.373, P-value<0.01), between use independent marketing strategies at subsidiaries and risk management (rho=0.349, P-value<0.01) but a strong significant positive relationship between use independent marketing strategies at subsidiaries and learning and innovation (rho= 0.687, P- value<0.01). The findings highlight that use of independent marketing strategies in the subsidiaries enhances use of different policies, learning and innovation. However, independent marketing strategies don't enhance efficiently and risk management.

Finally, there was a weak significant positive relationship between use different policies in subsidiaries and efficiency (rho=0.398, P- value<0.01), between Use different policies in subsidiaries and risk management (rho =0.319, P-value<0.01) and between Use different policies in subsidiaries and learning and innovation (rho = 0.710, P-value<0.01). The findings therefore opine that use of different policies doesn't significantly enhance effiecncy and risk management. However, use of different policies improves learning and innovation.

As shown in ***Table 4-36*** above, the inferential statistics also confirm that there is a relationship between multi-domestic strategy and competitiveness.

4.2.3 Examination of influence of transnational strategy on competitiveness by Kenya commercial bank

Transnational strategy examined by looking bargaining power between the subsidiaries and headquarters, responsiveness to parent and local dynamics, knowledge sharing between subsidiaries, specialised roles played by some subsidiaries, research and development are undertaken by subsidiaries to enhance competitiveness. The transnational strategy analysed by looking at the different concepts of competitive advantage; efficiency, risk management, learning, and innovation. This involves careful crafting of a single strategy with differentiation and low-cost advantage; the value chain activities are coordinated simultaneously on both a global and country basis (Diaconu, 2011); its critical to developing a transnational organisational capability is the key factor that can help a firm adapt to the changes in a dynamic environment (Twarowska and Kakol, 2013). A transnational strategy, a hybrid situated between the multi-domestic and global strategies, seeks to achieve global efficiency and local responsiveness (Luo and Shenkar, 2006).

4.2.3.1 Subsidiaries have bargaining power while negotiating with headquarters and limited flexibilities

The responses sought from the respondents regarding whether Kenya commercial banks subsidiary branches have bargaining power while negotiating with headquarters and also limited flexibilities in policies responding both local and international dynamics. Findings of the extent of the study are about whether Kenya Commercial Bank undertakes cross-border banking with a mix of international and local dynamics by allowing the subsidiary to bargain and providing flexibilities provided in ***Figure 4-23*** below.

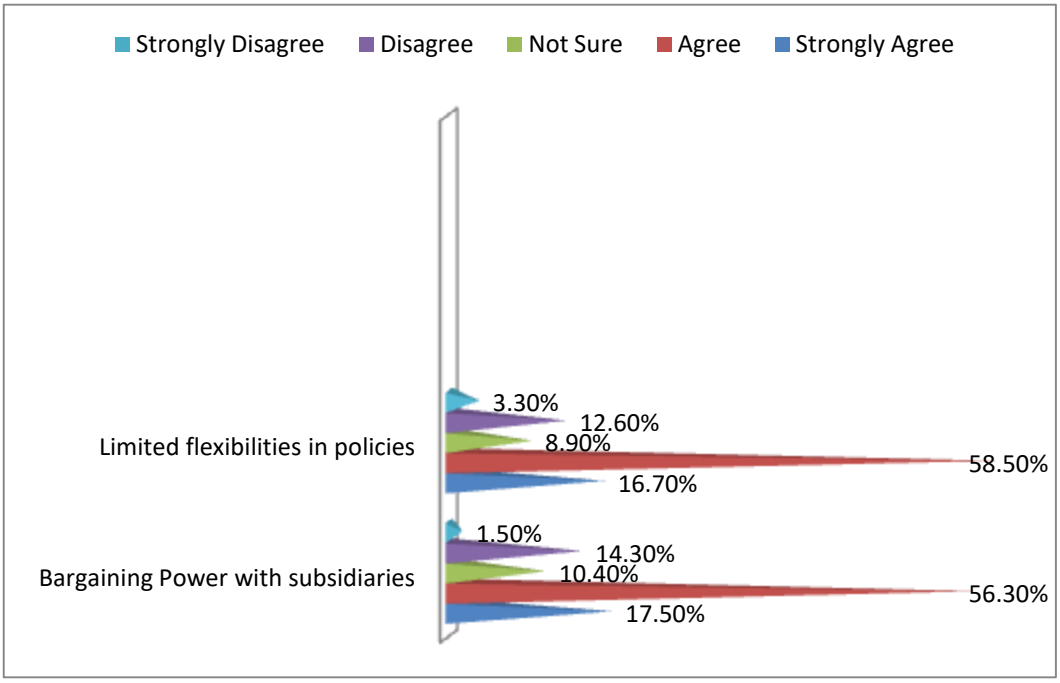

Figure 4-23: Showing whether KCB subsidiaries have bargaining power and limited flexibilities in policies

The study established that 17.5% of the respondents strongly agreed, 56.3% agreed, 10.4% were not sure, 14.3% disagreed and 1.5% strongly disagreed that Kenya Commercial bank subsidiaries have bargaining power with the headquarters in the process development and implementation of the strategy. The findings provide that 73.8% of the respondents agreed that the subsidiaries have bargaining power while negotiating with headquarters.

The findings in relation whether the bank has limited flexibilities in policies the findings of the study were 16.7% strongly agreed, 58.5% agreed, 8.9% were not sure, 12.6% disagreed, and 3.3% strongly disagreed. The findings provide that 75.2% of the respondents agreed that the bank allows limited flexibilities to subsidiaries in the process of development and implementation of the cross-border strategy.

As shown in ***Figure 4-23*** above, highlights that Kenya Commercial to a great extent exercises transnational strategy in cross-border banking. KCB maintains greater intra-unit, integration to jointly exploit existing knowledge or explore new

knowledge (Zander, 2004); facilitates the integration of global learning process and knowledge sharing within an integrated structure (Luo and Shenkar, 2006).

4.2.3.2 Knowledge sharing between the subsidiaries enhances competitiveness

The responses sought from the respondents regarding whether knowledge sharing between subsidiaries in cross-border banking enhances competitiveness. Findings of whether knowledge sharing between subsidiaries enhances competitiveness presented in ***Figure 4-24*** below.

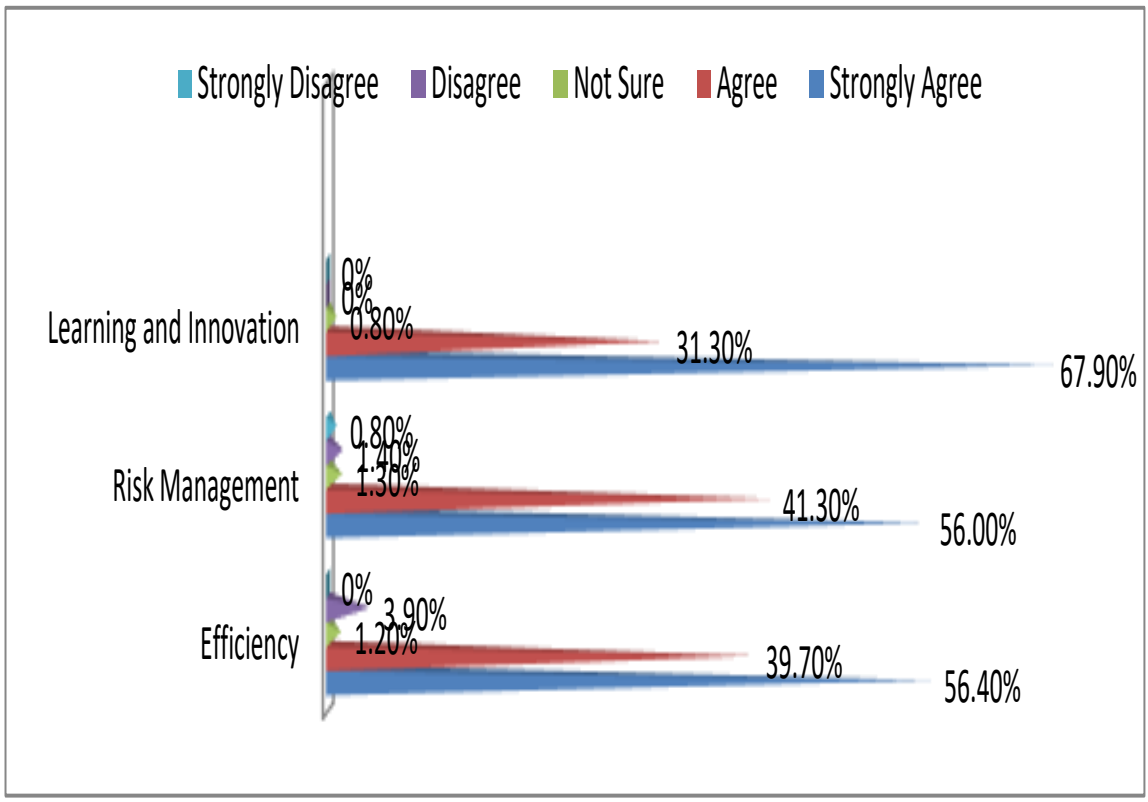

Figure 4-24: Knowledge sharing between subsidiaries enhances competitiveness.

The study established that 56.4% of the respondents strongly agreed, 39.7% agreed, 1.2% were not sure, 3.9% disagreed and none strongly disagreed that use of different management strategies enhances efficiency. The findings provide that 83% of the respondents agreed that use of different management strategies enhances efficiency.

The findings in relation whether the use of different management strategies enhances risk management the findings of the study were 56.0% strongly agreed, 41.3% agreed, 1.3% were not sure, 1.4% disagreed, and 0.8% strongly disagreed. The findings provide that 97.3% of the respondents agreed that knowledge sharing in the subsidiaries enhances risk management. Use of different management strategies enhances risk management.

The study also established that 67.9% of the respondents strongly agreed, 31.3% agreed, 0.80% were not sure, and none disagreed that knowledge sharing between subsidiaries enhances learning and innovation. Quantitative data established that 99.2% agreed that knowledge sharing between subsidiaries enhances learning and innovation. Knowledge sharing among subsidiaries is critical for enhancement of learning and innovation.

As shown in ***Figure 4-24*** above, knowledge sharing between subsidiaries enhances competitiveness. Luo and Shenkar (2006) argue that transnationality influences the global learning process and knowledge sharing within an integrated structure. The firm, therefore, depends more on information and communication systems for coordination (Ghoshal and Nohria, 2008); organisational structure and global market diversity confers greater coverage of intra-unit transfer of information and resources (Child, 2005; Birnik, 2007; Berry, 2015).

4.2.3.3 Subsidiaries undertaking specialised operations to support the parent and competitiveness

The responses sought from the respondents regarding whether undertaking specialised operations by a subsidiary to support the parent enhances competitiveness. Findings of whether a subsidiary undertaking specialised operations to support the parent enhance competitiveness presented in ***Figure 4-25*** below.

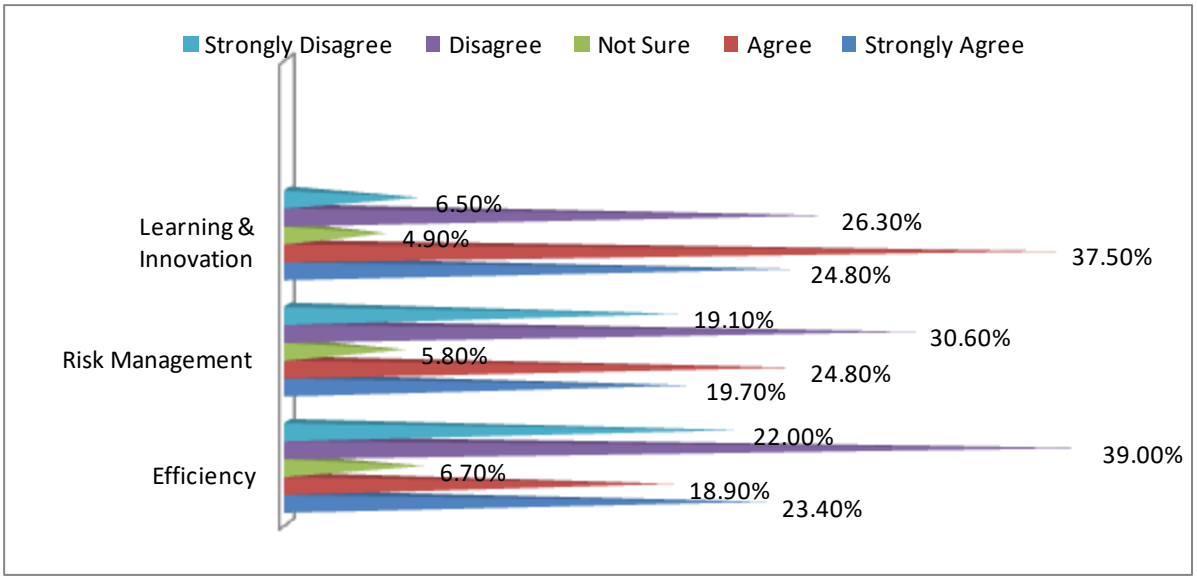

Figure 4-25: Subsidiary undertaking specialised operations to support the parent strategy enhances competitiveness.

The study established that 23.4% of the respondents strongly agreed, 18.8% agreed, 6.7% were not sure, 39% disagreed and 22% strongly disagreed that a subsidiary undertaking specialised role for the headquarters enhances efficiency. The findings provide that 61% of the respondents disagreed with the opinion that subsidiary undertaking specialised role for the parent enhances efficiency.

The findings in relation whether undertaking specialised services by a subsidiary in support of the parent enhance risk management the findings of the study were 19.7% strongly agreed, 24.8% agreed, 5.8% were not sure, 30.6% disagreed, and 19.1% strongly disagreed. The opinion of the respondents divided whether having specialised functions by a subsidiary enhances risk management as 44.5% agree and 49.7% disagree. However, a majority disagree that the subsidiary undertaking specialised role enhances risk management.

The study established that 24.8% of the respondents strongly agreed, 37.5% agreed, 4.9% were not sure, 26.9% disagreed and 6.5% strongly disagreed that a subsidiary undertaking specialised role for the headquarters enhances learning and innovation. The findings provide that 62.3% of the respondents disagreed that subsidiary undertaking specialised role for the parent enhances learning and innovation.

As shown in ***Figure 4-25*** above, undertaking specialised services by subsidiary on behalf of the parent enhances competitiveness. Firms using a hybrid strategy usually support the transfer of distinctive competences within the network while heeding pressures for local responsiveness (Camillo, 2015; Gooderham, 2012). Transnational firms consist of subsidiaries that fulfill varying roles with some subsidiaries playing strategic roles that global firms reserve for their headquarters (Birnik, 2007; Buckley and Ghauri, 2015; Verbeke, 2013). Foreign sub-units adapt to different organisational forms and identities to meet local government requirements and achieve various strategies and objectives (Luo and Shenkar, 2008).

4.2.3.4 Research and development are undertaken by subsidiary enhance efficiency by Kenya Commercial Bank

The responses sought from the respondents regarding whether undertaking research and development by the subsidiary enhances competitiveness. Findings of subsidiary undertaking research and development with competitiveness are provided in ***Figure 4-26*** below.

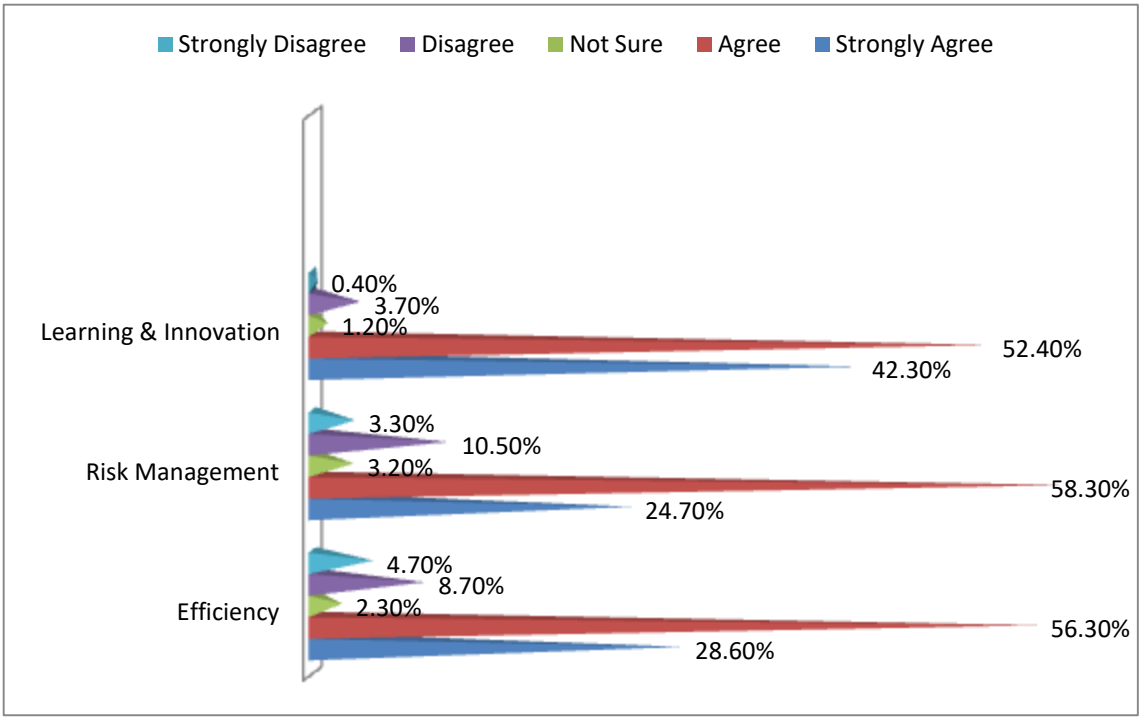

Figure 4-26: Showing undertaking research and development undertaken subsidiary enhances competitiveness

The study established that 28.6% of the respondents strongly agreed, 56.3% agreed, 2.3% were not sure, 8.7% disagreed and 4.7% strongly disagreed that research and development are undertaken at the subsidiary enhance efficiency. The findings provide that 84.9% of the respondents agreed that undertaking research and development at the subsidiary enhances efficiency.

The findings in relation whether the use of different management strategies enhances risk management the findings of the study were 24.7% strongly agreed, 58.3% agreed, 3.2% were not sure, 10.5% disagreed, and 3.3% strongly disagreed. The findings provide that 83% of the respondents agreed that research and development are undertaken in the subsidiary enhance risk management. Cross-border banks that undertake research and development in the subsidiary enhance risk management.

The study also established that 42.3% of the respondents strongly agreed, 52.4% agreed, 1.2% were not sure, 3.7% disagreed and 0.4% disagreed

undertaking specialised research and development in subsidiary enhances learning and innovation. Quantitative data established that 94.7% agreed that specialised research and development undertaken in the subsidiary enhances learning and innovation. Specialised research and development undertaken in the subsidiary are critical for enhancement of learning and innovation.

As shown in ***Figure 4-26*** above, research and development enhance competitiveness. Transnational strategy emphasis is on subsidiaries fulfilling diverse roles, and the headquarters undertakes the strategic role of coordination (Birnik, 2007; Buckley and Ghauri, 2015; Verbeke, 2013), transfer distinctive competences within the network while heeding pressures for local responsiveness (Child, 2005). The process of research and development facilitates the development of distinct, unique characteristics a cross subsidiary. Adaptation of unique local characteristics mixing with headquarters distinct, unique characteristics facilitates in competitiveness in cross-border banking.

4.2.3.5 Relationship between transnational strategy and competitiveness

Inferential statistics were used to determine the relationship between transnational strategy and competitiveness. The relationship between transnational strategy and competitiveness was investigated using non-parametric Spearman's Rank correlation.

The variables used for investigation were global appeal and response to global dynamics as a means of assessing the relationship between global strategy and competitiveness.

Findings are providing insight regarding the relationship between transnational strategy and competitiveness presented in ***Table 4-37*** below.

Table 4-37: Showing the relationship between transnational strategy and competitiveness

Spearman's Rank Correlations								
			Share knowledge with other subsidiaries	Specialised function in the bank to support the bank	Research and Dev't	Efficiency	Risk Mgt	Learning and Innovation
	Share knowledge with other subsidiaries	Correlation Coefficient	1.000	0.709	0.826	0.747	0.714	0.822
		P-value	0.000	0.000	0.000	0.000	0.000	0.000
		N	168	168		168	168	168
	Specialised function in the bank to support the bank	Correlation Coefficient	0.809	1.000	0.563	0.791	0.792	0.806
		P-value	0.000	0.000	0.000	0.000	0.000	0.000
		N	168	168		168	168	168
	Research and Dev't	Correlation Coefficient	0.826	0.563	1.000	0.811	0.789	0.879
		P-value	0.000	0.000	0.000	0.000	0.000	0.000
		N	168	168		168	168	168

The relationship between transnational strategies and competitiveness was investigated using non-parametric Spearman's Rank correlation.

Inferential statistics show that there was a positive relationship between knowledge sharing between subsidiaries and efficiency (rho= 0.747, P-value<0.01), between knowledge sharing and risk management (rho=0.714, P-value <0.01) and between knowledge sharing and learning with innovation (rho=0.822, P-value<0.01). The research findings imply that knowledge sharing between subsidiaries enhance efficiency, risk management, learning and innovation.

There is a significant positive relationship between specialised function in the bank to support the bank and efficiency (rho = 0.791, P-value<0.01), between specialised function in the bank to support the bank and risk management (rho = 0.792, P-value<0.01) and finally between specialised function in the bank to support the bank and learning and innovation (rho = 0.806, P-value<0.01). Inferential statistics opine that specialised functions in the subsidiary enhance efficiency, risk management, learning and innovation.

There is a significant positive relationship between research and development with efficiency (rho = 0.811, P-value<0.01), between research and development and development with risk management (rho = 0.789, P-value<0.01) and finally between research and development with learning together with innovation (rho = 0.879, P-value<0.01). Research findings highlight that research and development improves efficiency, risk management, learning and innovation.

As shown in ***Table 4-37*** above, the inferential statistics also confirm that transnational significantly correlated with competitiveness.

4.2.3.0 Evaluation of the effect of business environment on cross-border strategy and competitiveness by Kenya commercial bank

This section provides quantitative findings regarding the influence of political and socio-cultural environment on cross-border strategy and competitiveness by Kenya Commercial Bank. Economic environment in the host countries drives the cross-border banking strategy; exchange rates, level of trade for the home country (Goldberg and Saunders, 1980), regulations of in the host countries (Buch, 2003; Herrero and Pería, 2007), the cost of information (de Paula and Alves Jr., 2007), population structure, levels of domestic deposits, and per capita income (Goldberg and Johnson, 1990), size of the bank, effective lending rate differentials, size of host banking market (Cho, 1986), size of the home country, level of home country FDI (Fisher and Molyneux, 1996), expected growth and degree of openness and diversification potential of host market, and efficiency of the subject bank (Focarelli and Pozzolo, 1999).

4.2.3.1 Examination of influence of Political environment on cross-border strategy and competitiveness by Kenya commercial bank

The political environment examined according to the influence of political environment in the subsidiary and home country on strategy and competitiveness. The objective is to establish the influence of the political environment of the host country on cross-border strategy and competitiveness. The study also seeks to establish the influence of the political environment of the home country on the cross-border strategy and competitiveness of Kenya

commercial bank. The political environments have been looked at in accordance to; political systems, legislation, policies adopted by regulators, monitoring, political history, political stability, court systems in the host and home countries of Kenya commercial Bank.

Host and home country political environment diversely influence the cross-border strategy and competitiveness of cross-border bank. MNEs' jurisdiction and organisational structures are paramount in the development and implementation of the cross-border business strategy (Windsor, 2007). Getz (2006) highlights that political environment provides formal arrangements that determine the strategy. MNEs fragmented along global, regional, national, and sub national regulatory dimensions (Windsor, 2007). Bonardi, Hillman, and Keim (2005) argue that each regulatory arena becomes a political market where demand and supply depend on the prevailing regulatory in the jurisdiction. MNEs confronted by political environments in both domestic and foreign countries (Gooderham, 2008).

4.2.3.2 Subsidiary regulatory framework influence on strategies and competitiveness in cross-border banking

The responses sought from the respondents regarding whether regulatory framework in the subsidiary influences strategy and competitiveness in cross-border banking. Findings of the influence of subsidiary regulatory framework influences cross-border strategy and competitiveness presented in ***Figure 4-27*** below.

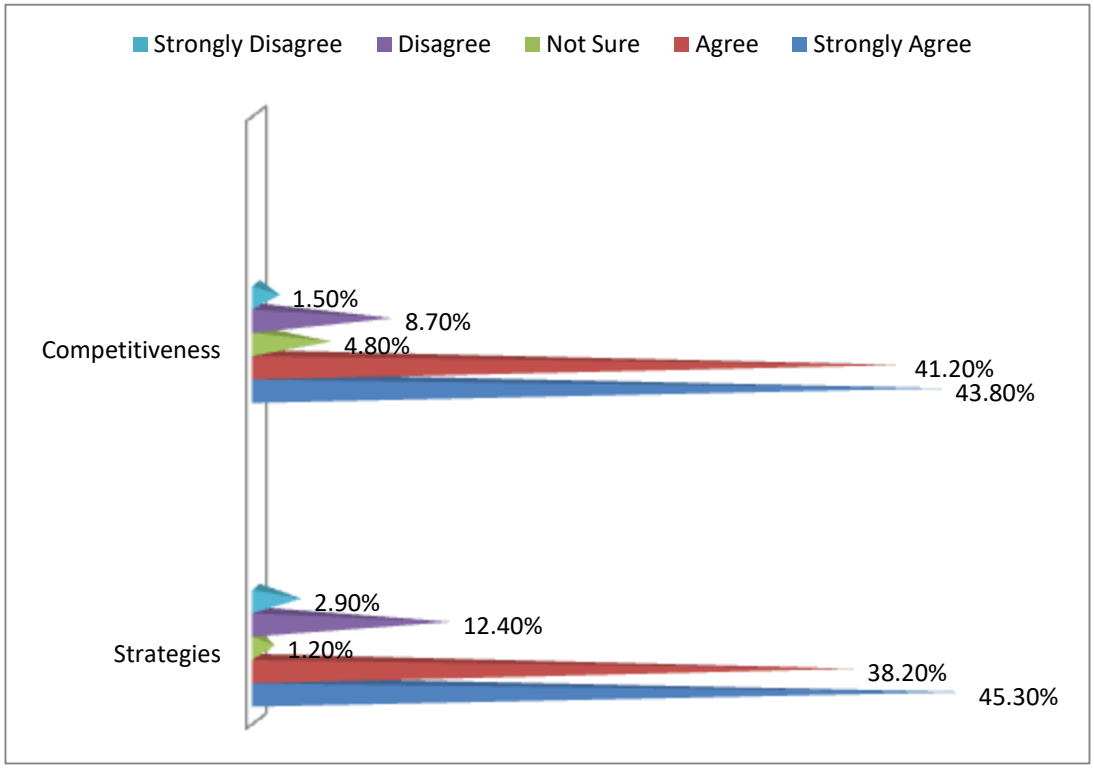

Figure 4-27: Showing influence of subsidiary regulatory framework on strategies and competitiveness.

The study established that 45.3% of the respondents strongly agreed, 38.2% agreed, 1.2% were not sure, 12.4% disagreed and 2.9% strongly disagreed that regulatory framework in the subsidiary influences cross-border strategy. The findings provide that 83.5% of the respondents agreed that regulatory framework in the subsidiary influences cross-border strategy used by the bank.

The findings in relation whether regulatory framework of the subsidiary influences competitiveness in cross-border banking were 43.8% strongly agreed, 41.2% agreed, 4.8% were not sure, 8.7% disagreed, and 1.5% strongly disagreed. Quantitative findings highlight that 85% of the respondents agreed with the notion that regulatory framework in the subsidiary influences competitiveness. The regulatory framework in the subsidiary influences competitiveness in cross-border banking.

As shown in ***Figure 4-27*** above, highlights that regulatory framework in the subsidiary influences both strategies in cross-border banking and competitiveness. Lundan (2014) argues that diverse forms of governance structures make operations of MNEs across borders a bigger challenge than domestic operations. Gooderham (2012) opines that undertaking cross-border trade without incorporating firms' responses to national policies and actions fails because government interventions are central to cross-border trade. Governance structures together with policies of the subsidiary countries influence the strategies employed by MNCs (Lundan, 2014).

4.2.3.3 Home country regulatory framework influence on strategy and competitiveness

The responses sought from the respondents regarding whether regulatory framework in the home country jurisdiction influences strategy and competitiveness in cross-border banking. Findings of influencing of home country jurisdiction regulatory framework influences cross-border strategy and competitiveness provided in ***Figure 4-28*** below.

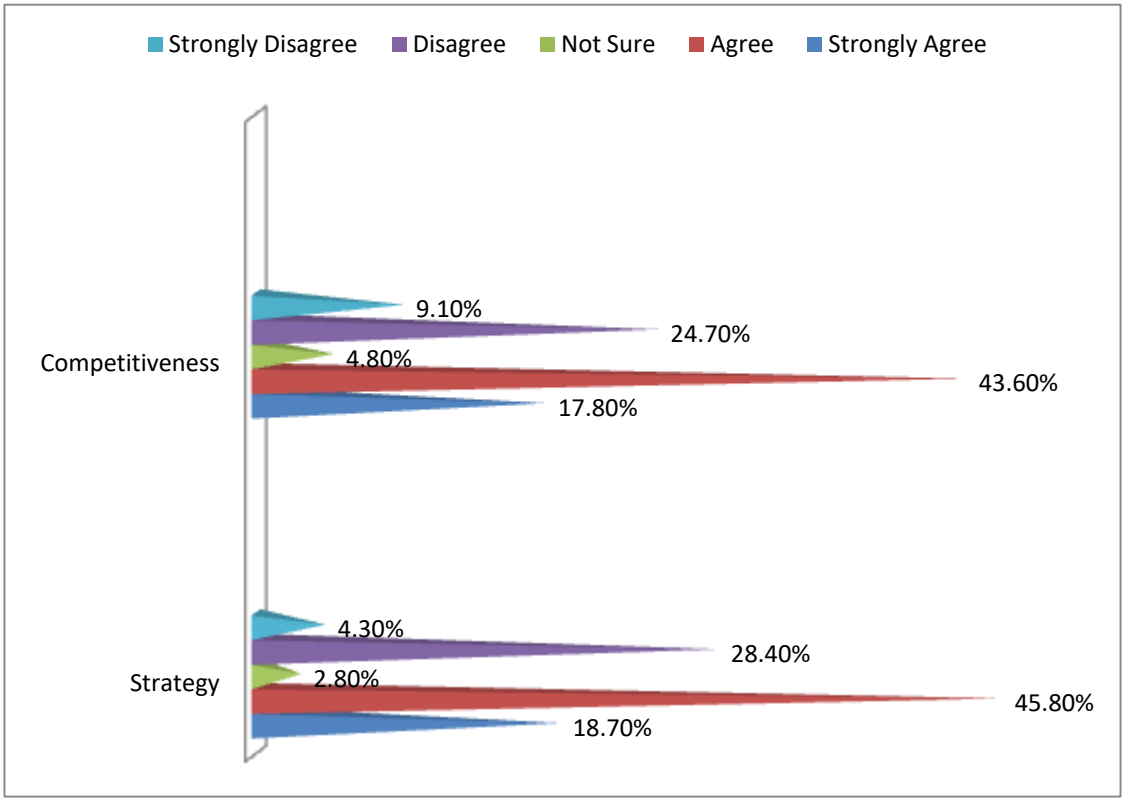

Figure 4-28: Showing the influence of home country regulatory on strategy and competitiveness.

The study established that 18.7% of the respondents strongly agreed, 45.8% agreed, 2.8% were not sure, 28.4% disagreed and 4.3% strongly disagreed with the opinion that regulatory framework in the home country influences cross-border strategy. The findings provide that 64.5% of the respondents agreed that regulatory framework in the home country jurisdiction influences cross-border strategy used by the bank.

The findings in relation whether regulatory framework of the home countryinfluences competitiveness in cross-border banking were 17.8% strongly agreed, 43.6% agreed, 4.8% were not sure, 24.7% disagreed, and 9.1% strongly disagreed. Quantitative findings highlight that 61.4% of the respondents agreed with the notion that regulatory framework in the home country influences competitiveness. This implies that regulatory framework in the home country jurisdiction influences competitiveness in cross-border banking.

As shown in ***Figure 4-28*** above, the regulatory framework in the home country jurisdiction influences both strategies in cross-border banking and competitiveness. The political environment provides a critical context for MNEs at home and abroad (Shenkar and Luo, 2008: 184). Governments are responsible for trade and investment policies, capital, and exchange controls and transfer pricing regulations (Diaconu, 2012). Home and host countries political environments significantly contribute to greater certainty about predictability and consistency in implementation, a significant reduction in compliance costs across the region, and raising standards in more challenged environments and the emergence of international and global strategy. Frameworks in the home and host country influence the strategy and competitiveness of cross-border banking (Beck et al., 2014).

4.2.3.4 Subsidiary supervision influence strategy and competitiveness

The responses sought from the respondents regarding whether supervision in subsidiary country jurisdiction influences strategy and competitiveness. Findings in relation to the influence of subsidiary country monitoring and supervision are presented in ***Figure 4-29*** below.

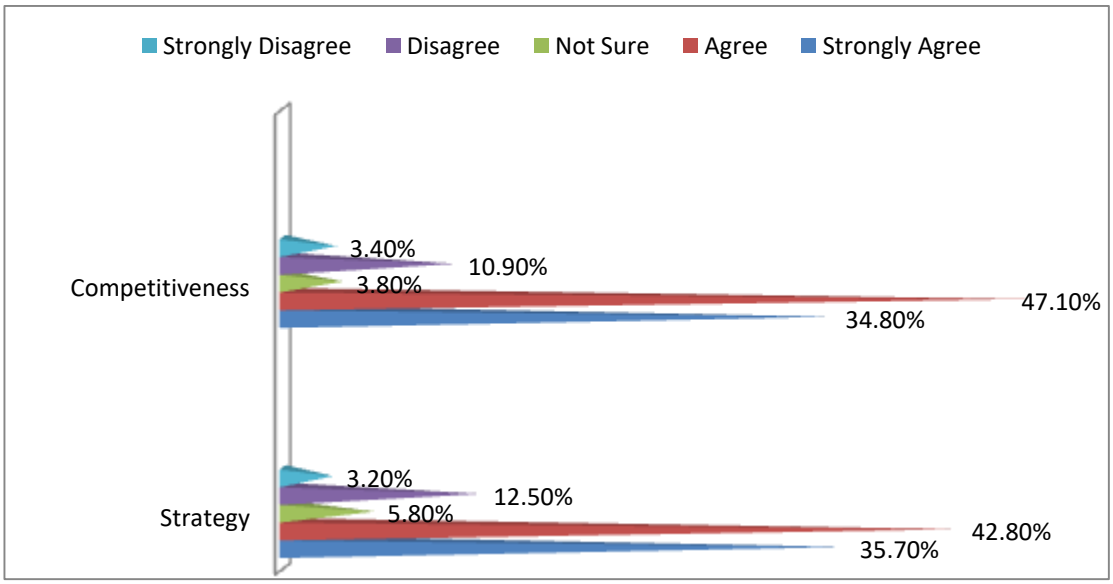

Figure 4-29: Monitoring and supervision of subsidiary jurisdiction influences strategy and competitiveness.

The study established that 35.7% of the respondents strongly agreed, 42.8% agreed, 5.8% were not sure, 12.5% disagreed and 3.2% strongly disagreed that monitoring and supervision in the subsidiary country influence cross-border strategy. The findings provide that 78.5% of the respondents agreed that monitoring and supervision in the home country jurisdiction influences cross-border strategy used by the bank.

The findings in relation whether monitoring and supervision by subsidiary regulator influences competitiveness in cross-border banking were 37.8% strongly agreed, 47.1% agreed, 3.8% were not sure, 10.9% disagreed, and 3.5% strongly disagreed. Quantitative findings highlight that 84.9% of the respondents agreed that monitoring and supervision by the subsidiary regulator influence competitiveness. Findings imply that subsidiary monitoring and supervision influences competitiveness in cross-border banking.

As shown in ***Figure 4-29*** above, jurisdiction monitoring and supervision influences both strategy in cross-border banking and competitiveness. Host countries regulatory framework drives the cross-border banking strategy; exchange rates, level of trade for the home country (Goldberg and Saunders, 1980), regulations of in the host countries (Buch, 2003; Herrero and Pería, 2007), the cost of information (de Paula and Alves Jr., 2007), population structure, levels of domestic deposits, and per capita income (Goldberg and Johnson, 1990), size of the bank, effective lending rate differentials, size of host banking market (Cho, 1986), size of the home country, level of home country FDI (Fisher and Molyneux, 1996), expected growth and degree of openness and diversification potential of host market, and efficiency of the subject bank (Focarelli and Pozzolo, 1999).In comparison to the home country regulators have different responsibilities while regulating banking operations the authorities have a traditional task of safeguarding their financial institutions and banking systems, taking into consideration the risks associated with the growth of cross-border activity in recent years (Beck *et al.,* 2014).

4.2.3.5 Home country monitoring and supervision influence on strategy and competitiveness

The responses sought from the respondents regarding whether monitoring and supervision in influences strategy and competitiveness. Findings in relation to the influence of subsidiary country jurisdiction monitoring and supervision are presented in ***Figure 4-30*** below.

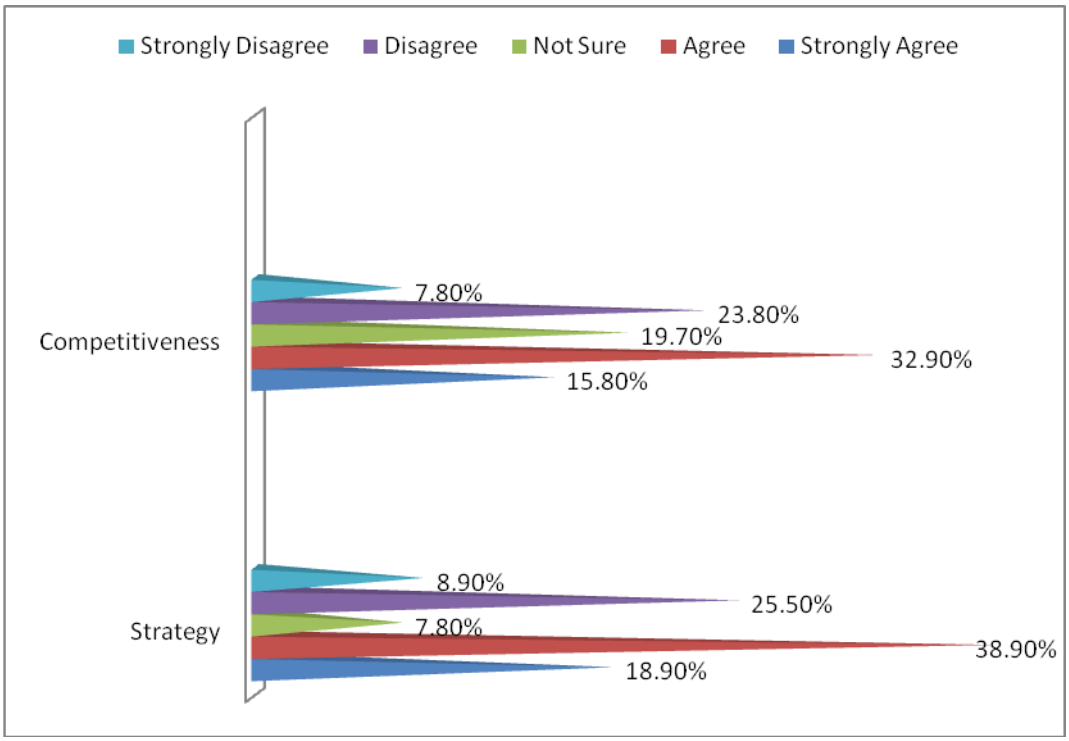

Figure 4-30: Showing influence of home country monitoring and supervision on strategy and competitiveness.

The study established that 18.9% of the respondents strongly agreed, 38.9% agreed, 7.8% were not sure, 25.5% disagreed and 8.9% strongly disagreed that monitoring and supervision by the home country regulator influence cross-border strategy. The findings provide that 57.8% of the respondents agreed that monitoring and supervision by the home country regulator influence cross-border strategy used by the bank.

The findings in relation whether monitoring and supervision by subsidiary regulator influences competitiveness in cross-border banking were 15.8% strongly agreed, 32.9% agreed, 19.7% were not sure, 23.8% disagreed, and 7.8% strongly disagreed. Quantitative findings highlight that 48.7% agreed and 31.6% disagreed that monitoring and supervision influence competitiveness. Findings imply that home based monitoring and supervision influences competitiveness in cross-border banking.

As shown in ***Figure 4-30*** above, home jurisdiction monitoring and supervision influences both strategy in cross-border banking and competitiveness. Focarelli and Pozzolo (2005) argue that depth of the home country banking system expands business opportunities which enable banks to offer more innovative products to exploit profit opportunities locally rather than expand abroad fully. The political and socio-cultural environment of bank influences the competitive environment of the Bank. Schoenmaker and van Laecke (2007) argue that deeper banking systems provide banks with a steady income at home that enables them to finance cross-border operations and competitiveness.

4.2.3.6 Collaboration between the home and subsidiary regulators influence on strategy and competitiveness

The responses sought from the respondents regarding whether collaboration between home and subsidiary regulatory bodies in the process monitoring and supervision of the cross-border bank influences strategy and competitiveness in cross-border banking. Findings of the influence of collaboration between subsidiary and home country regulators influence cross-border strategy and competitiveness presented in ***Figure 4-31*** below.

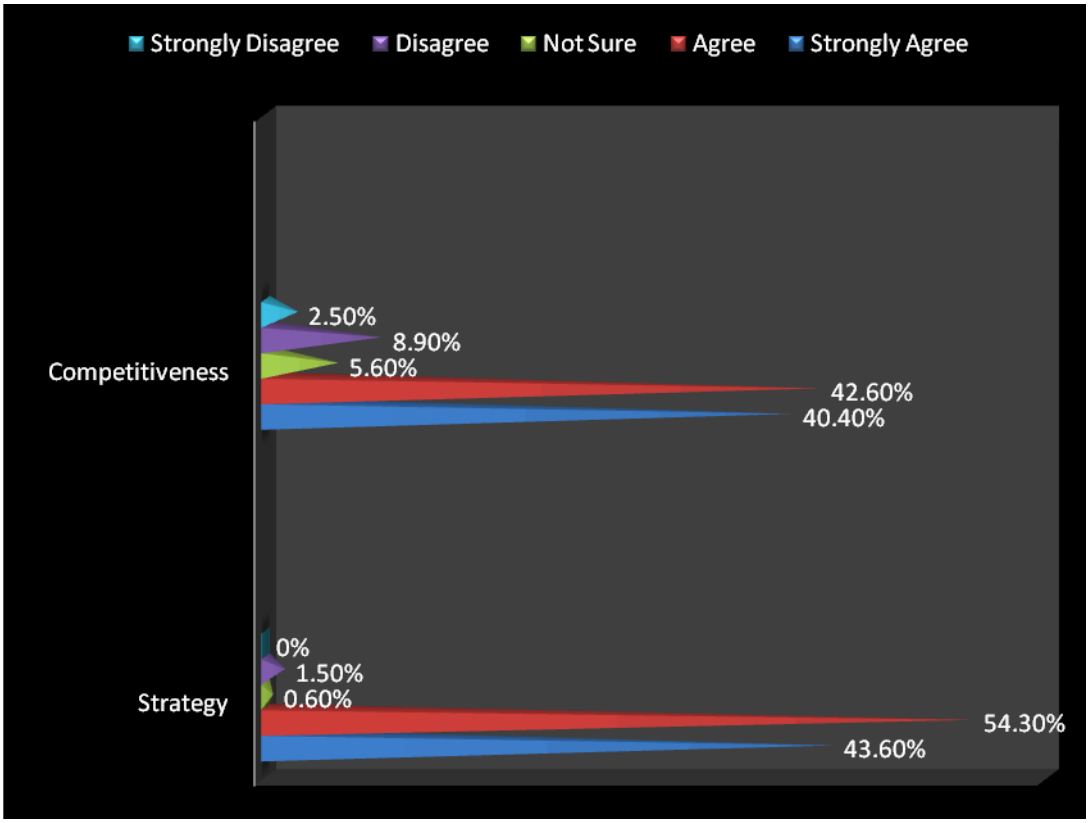

Figure 4-31: Showing the influence of collaboration by subsidiary & home based regulators on strategy and competitiveness

The study established that 43.6% of the respondents strongly agreed, 54.3% agreed, 0.6% were not sure, 1.5% disagreed and none strongly disagreed that collaboration between the subsidiary and home based regulators in cross-border banking influences cross-border strategy. The findings provide that 97.9% of the respondents agreed that collaboration between the subsidiary and home country regulators influences cross-border strategy used by the bank.

The findings in relation whether monitoring and supervision by subsidiary regulator influences competitiveness in cross-border banking were 40.4% strongly agreed, 42.6% agreed, 5.6% were not sure, 8.9% disagreed, and 2.5% strongly disagreed. Quantitative findings highlight that 83.0% agreed and 11.4% disagreed that collaboration between subsidiary and home country regulators influences competitiveness. Findings imply that collaboration between the

subsidiary and home regulators influences bank competitiveness in cross-border banking.

As shown in ***Figure 4-31*** above, collaboration between subsidiary and home jurisdiction regulators influence both strategies in cross-border banking and competitiveness. Beck *et al.*, (2014) argue that in order to provide a competitive political environment, authorities have to develop appropriate platforms and formats for regular information interchange with data providing for i) basic quantitative and qualitative characteristics of cross-border banks ii) supervisory data in relation to performance iii) regulatory frameworks with definitions underlying supervisory data and market intelligence. Regulatory harmonisation is a huge undertaking, and care needs to be taken to focus convergence efforts on key concerns, especially in environments with severe capacity constraints (Beck *et al.,* 2015). They advocate for upgrading of mechanisms by regulators by use of strategies like consolidated supervision of a bank's activities through all its affiliates, across sectors and jurisdictions; Memoranda of Understanding (MoUs) between home and host supervisors; and Colleges of Supervisors (CoS) for individual cross-border financial institutions, are the basis for effective cross-border regulatory cooperation.

4.2.3.7 Political stability in the subsidiary country influence on strategies and competitiveness

The responses sought from the respondents regarding whether political stability in a subsidiary country influences strategy and competitiveness in cross-border banking. Findings of the influence of political stability in the subsidiary country influence cross-border strategy and competitiveness presented in ***Figure 4-32*** below.

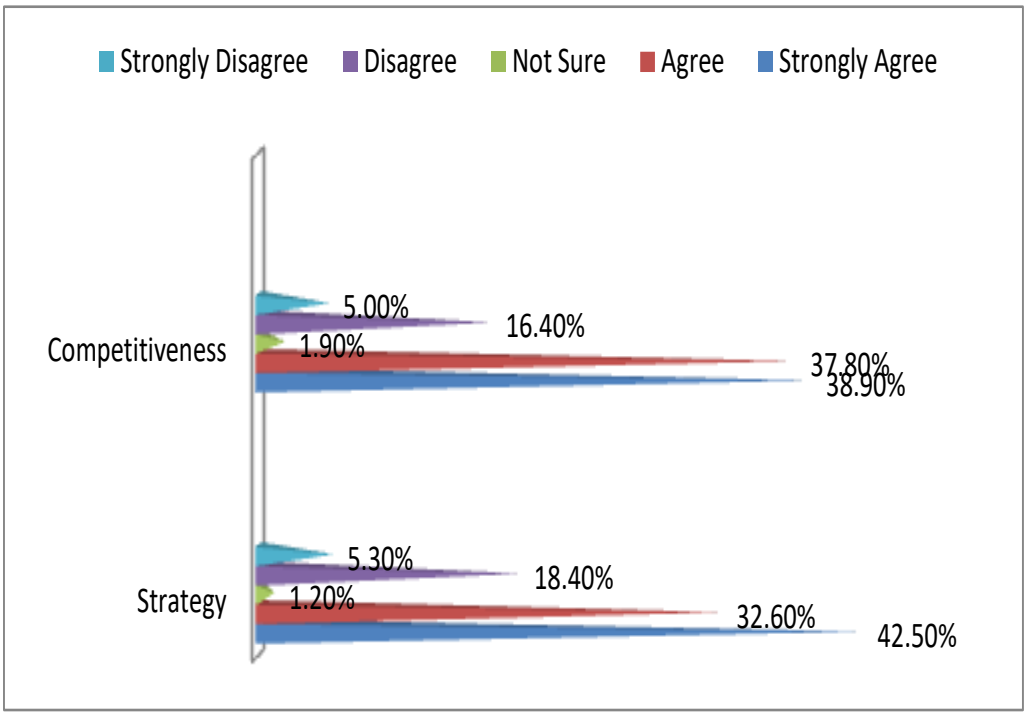

Figure 4-32: Showing influence of subsidiary political stability on strategy and competitiveness.

The study established that 42.5% of the respondents strongly agreed, 32.6% agreed, 1.2% were not sure, 18.4% disagreed and 5.3% strongly disagreed with the opinion that political stability in the subsidiary influence cross-border strategy. The findings provide that 97.9% of the respondents agreed that political stability in the home country regulators influences cross-border strategy.

The findings in relation whether political instability in the subsidiary influences competitiveness in cross-border banking were 38.9% strongly agreed, 37.8% agreed, 1.9% were not sure, 16.4% disagreed, and 5.0% strongly disagreed. Quantitative findings highlight that 76.7% agreed and 21.4% disagreed that political instability in the subsidiary country influences competitiveness. Findings highlight that political stability in the subsidiary country enhances competitiveness in cross-border banking.

As shown in ***Figure 4-32*** above, political stability in the subsidiary country influences cross-border strategy and competitiveness. KCB (2016) highlighting the poor performance of the bank in Burundi. Burundi's economy has experienced pressure as a result of the political crisis that engulfed the country resulting in poor economic performance, therefore, affecting the banking sector (KCB, 2016). The World Bank indicates that Burundi's economic growth contracted by 2.3% in 2015 compared to a GDP growth of 4.8% in 2014, coupled with an increase in inflation from 3.5% to 7.1% as a result of an increase in consumer goods. The treasury bills rates have doubled in the middle of 2014 before finally declining

4.2.3.8 Political stability in the home country influences strategy and competitiveness in cross-border banking

The responses sought from the respondents regarding whether political stability in the home country influences strategy and competitiveness in cross-border banking. Findings of the influence of political stability in the home country influence cross-border strategy and competitiveness presented in ***Figure 4-33*** below.

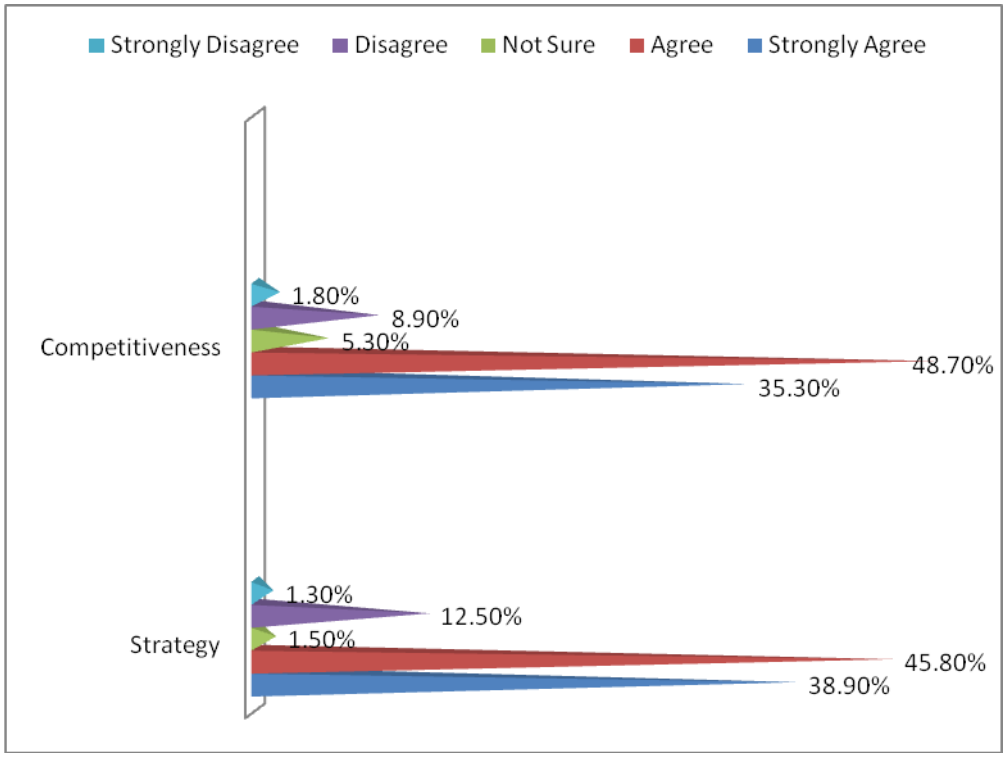

Figure 4-33: Political stability in the parent country influence on strategy and competitiveness

The study established that 38.9% of the respondents strongly agreed, 45.8% agreed, 1.5% were not sure, 12.5% disagreed and 1.3% strongly disagreed with the opinion that political stability in the home country influences cross-border strategy. The findings provide that 84.7% of the respondents agreed that political stability in the home country influences cross-border strategy. The majority of the respondents agree that political stability in the home country influence cross-border strategy employed.

The findings in relation whether political stability in the home country influence on competitiveness in cross-border banking were 35.3% strongly agreed, 48.7% agreed, 5.3% were not sure, 8.9% disagreed, and 1.8% strongly disagreed. Quantitative findings highlight that 84% agreed and 10.7% disagreed that political stability in the home country influences competitiveness. This implies that political stability in the home country enhances competitiveness in cross-border banking.

As shown in ***Figure 4-33*** above, political stability in the home country influences cross-border strategy and competitiveness.

4.2.3.9 Judicial systems in the subsidiary country influence strategies and competitiveness in cross-border banking

The responses sought from the respondents regarding the influence of the judicial system of the subsidiary country to cross-border strategy and competitiveness in cross-border banking. Findings in relation to influence of the judicial system on strategy and competitiveness presented in ***Figure 4-34*** below.

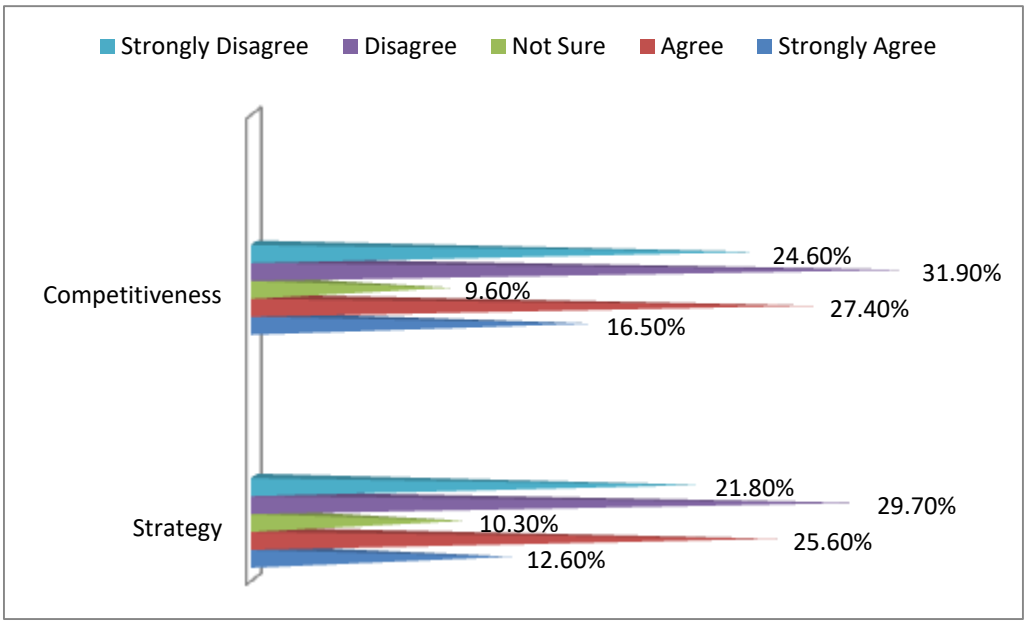

Figure 4-34: Showing influence of a judicial system in the subsidiary on cross-border strategy and competitiveness

The study established that 12.6% of the respondents strongly agreed, 25.6% agreed, 10.3% were not sure, 29.7% disagreed and 21.8% strongly disagreed that judicial system in the subsidiary influence cross-border strategy. Quantitative findings highlight that 38.2% agreed and 51.5% disagreed that judicial system in the subsidiary influences strategy. The majority of the respondents disagree that

judicial system in the subsidiary country influence cross-border strategy employed.

The findings in relation whether judicial system in the subsidiary country influence on competitiveness in cross-border banking were 16.5% strongly agreed, 27.4% agreed, 9.6% were not sure, 31.9% disagreed, and 24.6% strongly disagreed. Quantitative findings highlight that 43.9% agreed and 10.7% disagreed that political stability in the home country influences competitiveness. The findings highlight that political stability in the home country enhances competitiveness in cross-border banking.

As shown in ***Figure 4-34*** above, the judicial system in the subsidiary country doesn't influence cross-border strategy and competitiveness.

4.2.3.10 Political ideology in the subsidiary country influences strategy and competitiveness

The responses sought from the respondents regarding the influence of the political ideology of the subsidiary country to cross-border strategy and competitiveness in cross-border banking. Findings in regards to influence of the political ideology on strategy and competitiveness presented in ***Figure 4.35*** below.

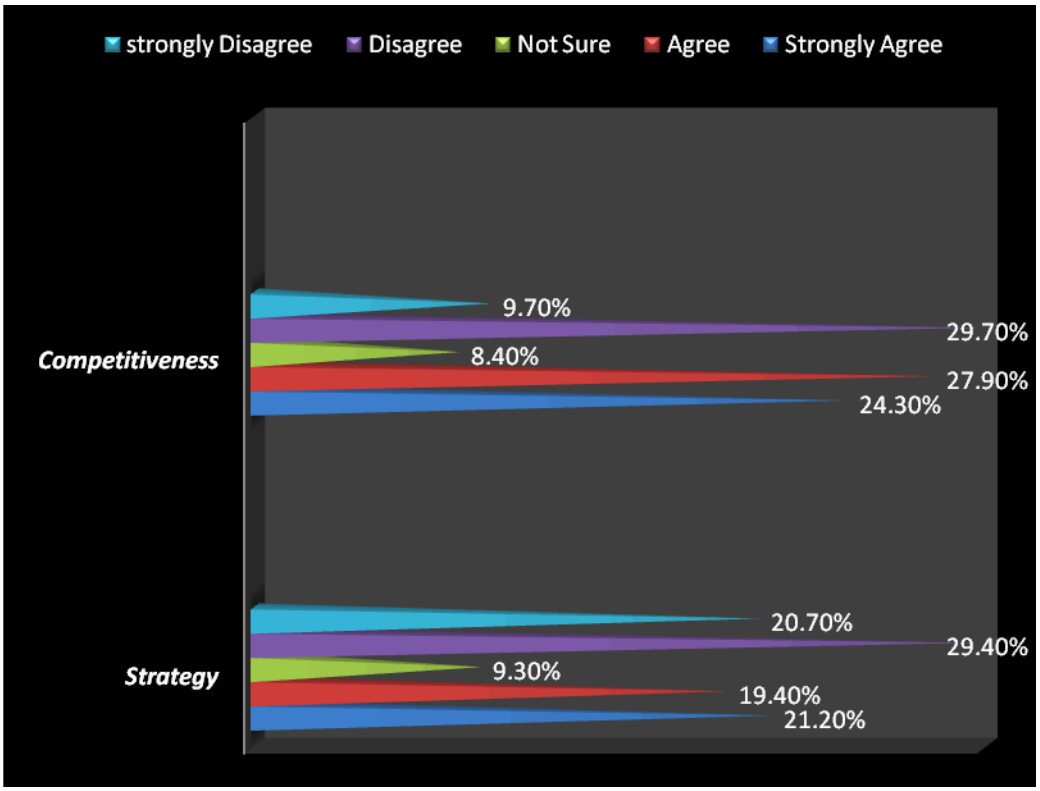

Figure 4-35: Showing influence of the political ideology of the subsidiary country on strategy and competitiveness.

The study established that 21.2% of the respondents strongly agreed, 19.4% agreed, 9.3% were not sure, 29.4% disagreed and 20.7% strongly disagreed, that political ideology in the subsidiary influence cross-border strategy. Quantitative findings highlight that 40.6% agreed and 50.1% disagreed that political ideology in the subsidiary influences strategy. The majority of the respondents disagree that political ideology in the subsidiary country influence cross-border strategy employed.

The findings in relation whether political ideology in the subsidiary country influence on competitiveness in cross-border banking were 24.3% strongly agreed, 27.9% agreed, 8.4% were not sure, 29.7% disagreed, and 9.7% strongly disagreed. Quantitative findings highlight that 52.2% agreed and 39.4% disagreed that political ideology in the subsidiary country influences competitiveness. Findings imply that political ideology in the subsidiary country enhances competitiveness in cross-border banking.

As shown in ***Figure 4-35*** above, political ideology in the subsidiary country doesn't influence cross-border strategy but enhances competitiveness.

4.2.3.11 Political ideology in the home country influences strategy and competitiveness

The responses sought from the respondents regarding the influence of the political ideology of the home country to cross-border strategy and competitiveness in cross-border banking. Findings in relation to influence of the political ideology of the home country on strategy and competitiveness presented in ***Figure 4-36*** below.

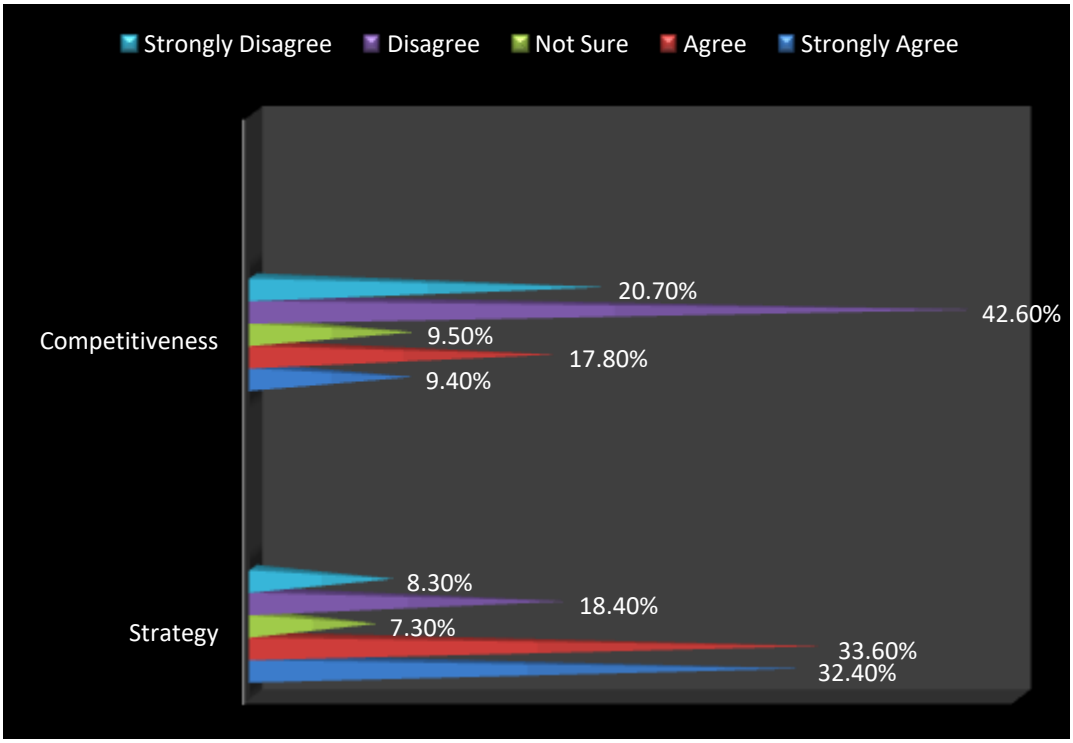

Figure 4-36: showing the influence of the political ideology of the home country on strategy and competitiveness.

The study established that 32.4% of the respondents strongly agreed, 33.6% agreed, 7.3% were not sure, 18.4% disagreed and 8.3% strongly disagreed, that political ideology in the home country influences cross-border strategy. Quantitative findings highlight that 66.0% agreed and 26.7% disagreed that political ideology in the subsidiary influences strategy. The majority of the respondents agreed that political ideology in the home country influence cross-border strategy employed.

The findings in relation whether political ideology in the home country influence on competitiveness in cross-border banking were 9.4% strongly agreed, 17.8% agreed, 9.5% were not sure, 42.6% disagreed, and 20.7% strongly disagreed. Quantitative findings highlight that 27.2% agreed and 63.3% disagreed that political ideology in the home country influences competitiveness. This implies that political ideology in the home country doesn't influence competitiveness in cross-border banking.

As shown in ***Figure 4-36*** above, political ideology in the home country doesn't influence cross-border strategy but enhances competitiveness.

4.2.3.12 Political systems in the subsidiary country influences strategy and competitiveness

The responses sought from the respondents regarding the influence of the political systems of the subsidiary country to cross-border strategy and competitiveness in cross-border banking.

Findings in relation to the influence of the political system strategy and competitiveness are presented in ***Figure 4-37*** below.

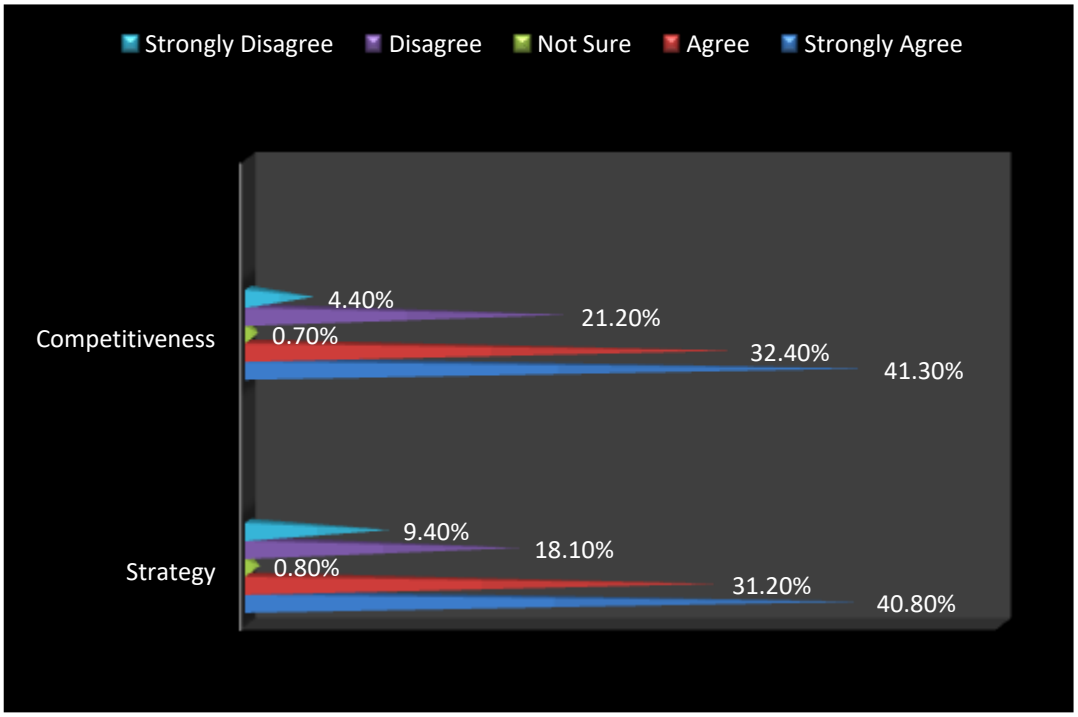

Figure 4-37: Showing influence of the political system of the subsidiary on strategy and competitiveness.

The study established that 40.8% of the respondents strongly agreed, 31.2% agreed, 0.8% were not sure, 18.10% disagreed and 9.4% strongly disagreed, that political system in the subsidiary influence cross-border strategy. Quantitative findings highlight that 72% agreed and 27.5% disagreed that political system in the subsidiary influences strategy. The majority of the respondents agree that political system in the subsidiary country influence cross-border strategy employed.

The findings in relation whether political system in the subsidiary country influence on competitiveness in cross-border banking were 41.3% strongly agreed, 32.4% agreed, 0.7% were not sure, 21.2% disagreed, and 4.4% strongly disagreed. Quantitative findings highlight that 73.7% agreed and 25.6% disagreed that political system in the subsidiary country influences competitiveness. This implies that political system in the subsidiary country enhances competitiveness in cross-border banking.

As shown in ***Figure 4-37*** above, the political system in the subsidiary country influences cross-border strategy and competitiveness.

4.2.3.13 Political systems in the home country influences strategy and competitiveness

The responses sought from the respondents regarding the influence of the political systems of the home country to cross-border strategy and competitiveness in cross-border banking. Findings in regards to the influence of the political system of the home country on strategy and competitiveness are presented in ***Figure 4-38*** below.

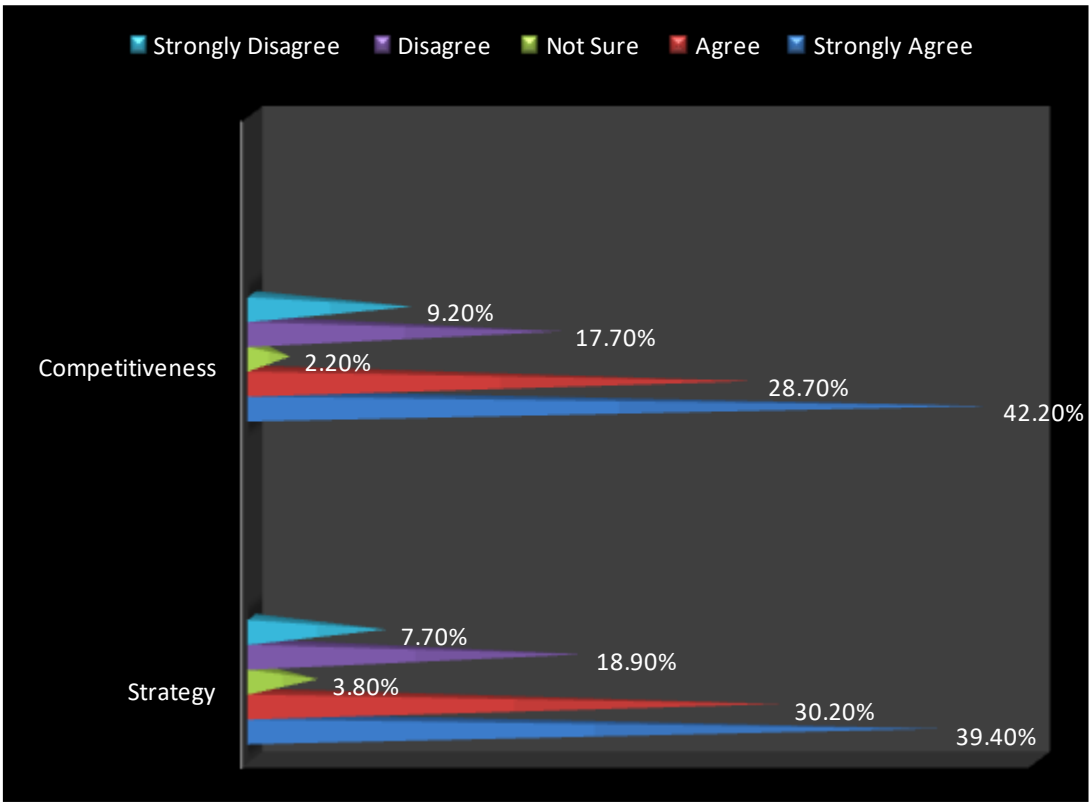

Figure 4-38: Showing influence of the political system in the home country on strategy and competitiveness.

The study established that 39.4% of the respondents strongly agreed, 30.2% agreed, 3.8% were not sure, 18.9% disagreed and 7.7% strongly disagreed, that political system in the home country influences cross-border strategy. Quantitative findings highlight that 69.6% agreed and 26.6% disagreed that

political system in the subsidiary influences strategy. The majority of the respondents agree that political system in the home country influence cross-border strategy employed.

The findings in relation whether political system in the home country influence on competitiveness in cross-border banking were 42.2% strongly agreed, 28.7% agreed, 2.2% were not sure, 17.7% disagreed, and 9.2% strongly disagreed. Quantitative findings highlight that 70.9% agreed and 26.9% disagreed that political system in the home country influences competitiveness. This implies that political system in the home country enhances competitiveness in cross-border banking.

As shown in ***Figure 4-38*** above, the political system in the home country influences cross-border strategy and competitiveness.

4.2.3.14 Political history in the subsidiary country influences strategy and competitiveness

The responses sought from the respondents regarding the influence of the political history of the subsidiary country to cross-border strategy and competitiveness in cross-border banking. Findings in relation to the influence of the political history of strategy and competitiveness are presented in ***figure 4-39*** below.

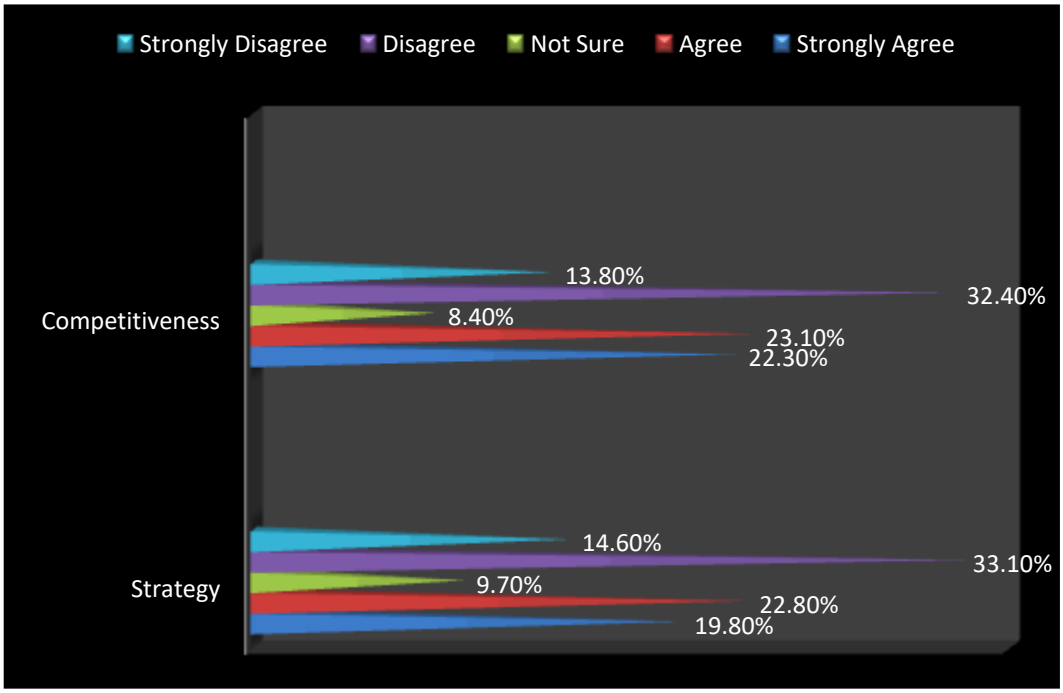

Figure 4-39: Showing influence of political history in the subsidiary to strategy and competitiveness.

The study established that 19.8% of the respondents strongly agreed, 22.8% agreed, 9.7% were not sure, 33.1% disagreed and 14.6% strongly disagreed, that political history in the subsidiary influence cross-border strategy. Quantitative findings highlight that 43.6% agreed and 47.8% disagreed that political history in the subsidiary influences strategy. The majority of the respondents disagree that political history in the subsidiary country influence cross-border strategy employed.

The findings in relation whether political history in the subsidiary country influence on competitiveness in cross-border banking were 22.3% strongly agreed, 23.1% agreed, 8.4% were not sure, 32.4% disagreed, and 13.8% strongly disagreed. Quantitative findings highlight that 45.4% agreed and 46.2% disagreed that political history in the subsidiary country influences competitiveness. Political history in the subsidiary country enhances competitiveness in cross-border banking.

As shown in ***figure 4-39*** above, political history in the subsidiary country doesn't influence cross-border strategy and competitiveness.

4.2.3.15 Political history in the home country influences strategy and competitiveness

The responses sought from the respondents regarding the influence of the political history of the home country to cross-border strategy and competitiveness in cross-border banking.

Findings in regards to the influence of the political history of the home country on strategy and competitiveness are presented in ***Figure 4-40*** below.

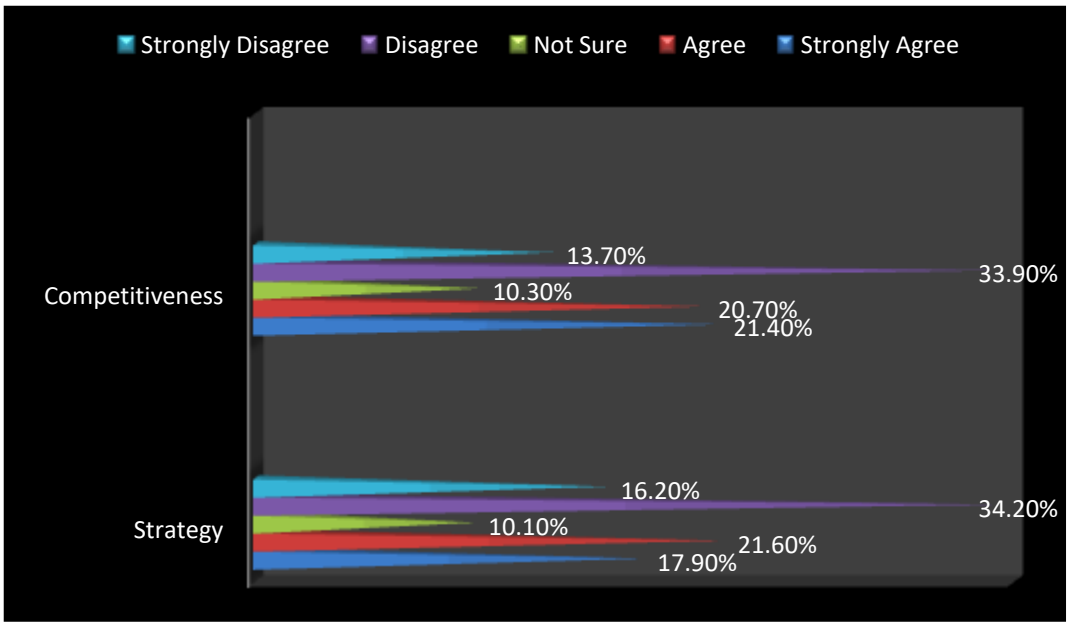

Figure 4-40: Showing influence political history of the home country on strategy and competitiveness.

The study established that 17.9% of the respondents strongly agreed, 21.6% agreed, 10.1% were not sure, 34.2% disagreed and 16.2% strongly disagreed, that political history in the home country influences cross-border strategy. Quantitative findings highlight that 39.5% agreed and 50.4% disagreed that political history in the home country influences strategy. The majority of the

respondents disagree that political history in the home country influences cross-border strategy employed.

The findings in relation whether political history in the home country influence on competitiveness in cross-border banking were 21.4% strongly agreed, 20.7% agreed, 10.3% were not sure, 33.9% disagreed, and 13.7% strongly disagreed. Quantitative findings highlight that 42.1% agreed and 47.6% disagreed that political history in the home country influences competitiveness. Findings imply that political history in the home country enhances competitiveness in cross-border banking.
As shown in ***Figure 4-40*** above, political history in the home country doesn't influence cross-border strategy and competitiveness.

4.2.4.0 Examination of influence of socio-cultural environment on cross-border strategy and competitiveness

The socio-cultural environment examined according to the influence of socio-cultural frameworks in the home country and host countries of the subsidiaries. The objective is to establish the influence of the socio-cultural environment of the host country on cross-border strategy and competitiveness. The study also seeks to establish the influence of the socio-cultural environment of the home country on the cross-border strategy and competitiveness of Kenya commercial bank. The socio-cultural environments have been looked at in accordance to; social and cultural systems influence on the tastes in the host and home countries of Kenya commercial Bank.

4.2.4.1 Examination of influence of social norms in the subsidiary jurisdiction on strategy and competitiveness

The responses sought from the respondents regarding the influence of the social norms in the subsidiary country to cross-border strategy and competitiveness. Findings in relation to the influence of the social norms in the subsidiary country on strategy and competitiveness are presented in ***Figure 4-41*** below.

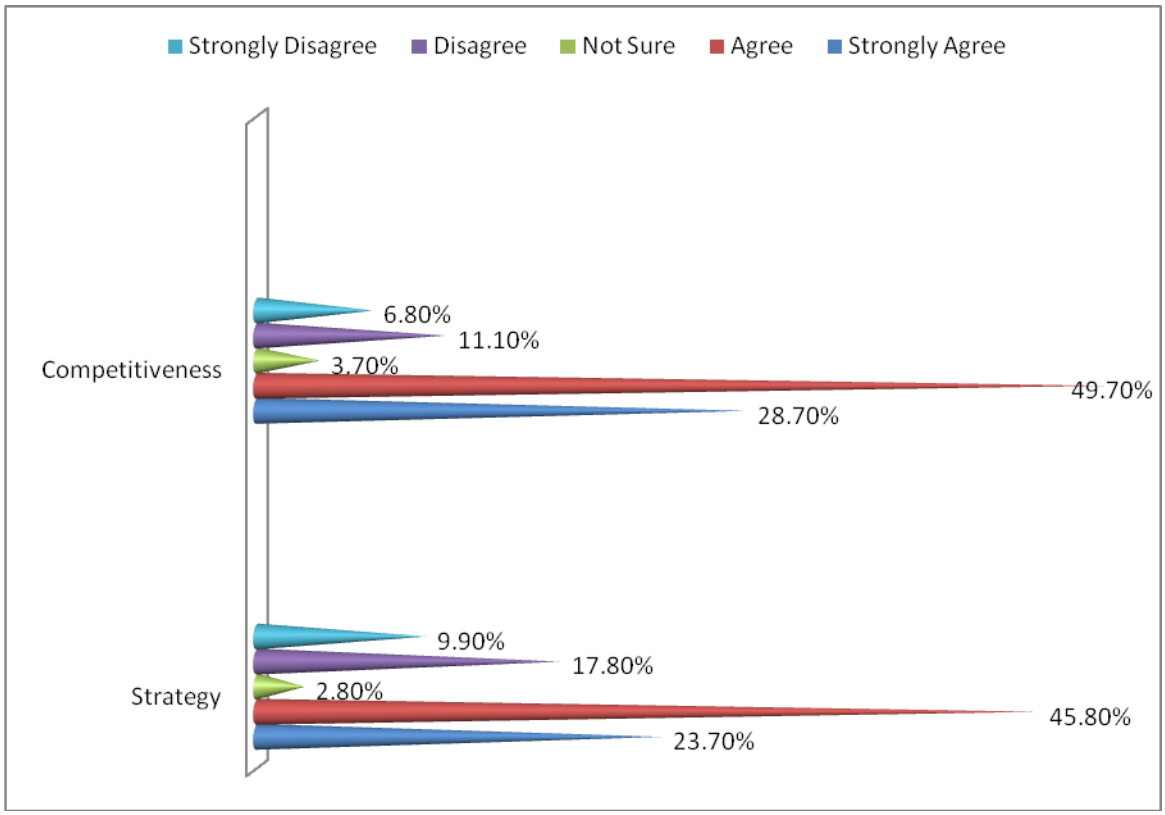

Figure 4-41: Showing the influence of subsidiary social norms on strategy and competitiveness.

The study established that 23.7% of the respondents strongly agreed, 45.8% agreed, 2.8% were not sure, 17.8% disagreed and 9.9% strongly disagreed, that social norms in the subsidiary country influence cross-border strategy. Quantitative findings highlight that 69.5% agreed and 27.7% disagreed that social norms in the subsidiary country influence strategy. The majority of the respondents agree that social norms in the subsidiary country influence cross-border strategy.

The findings in relation whether social norms in the subsidiary country influence on competitiveness in cross-border banking were 28.7% strongly agreed, 49.8% agreed, 3.7% were not sure, 11.1% disagreed, and 6.8% strongly disagreed. Quantitative findings highlight that 78.4% agreed and 17.9% disagreed that social norms in the subsidiary country influence competitiveness. This implies that social norms in the subsidiary country enhance competitiveness.

As shown in ***Figure 4-41*** above, social norms in the subsidiary country influence cross-border strategy and competitiveness.

4.2.4.2 Examination of influence of social norms of the home country to strategy and competitiveness

The responses sought from the respondents regarding the influence of the social norms in the home country to cross-border strategy and competitiveness. Findings in relation to the influence of the social norms in the home country on strategy and competitiveness are presented in ***Figure 4-42*** below.

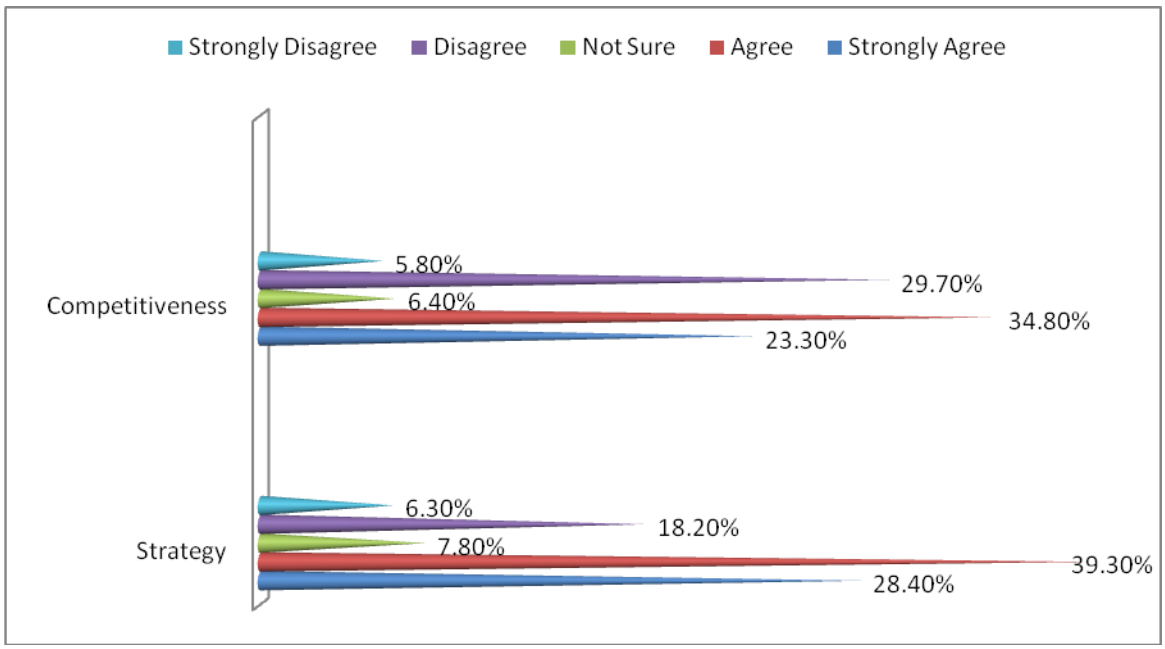

Figure 4-42: Showing influence of social norms in the home country on strategy and competitiveness.

The study established that 28.4% of the respondents strongly agreed, 39.3% agreed, 7.8% were not sure, 18.2% disagreed and 6.3% strongly disagreed, that social norms in the home country influence cross-border strategy. Quantitative findings highlight that 67.7% agreed and 24.5% disagreed that social norms in the home country influence strategy. The majority of the respondents agree that social norms in the home country influence cross-border strategy.

The findings in relation whether social norms in the home country influence on competitiveness in cross-border banking were 23.3% strongly agreed, 34.8% agreed, 6.4% were not sure, 29.7% disagreed, and 5.8% strongly disagreed. Quantitative findings highlight that 58.1% agreed and 35.5% disagreed that social norms in the home country influence competitiveness. This implies that social norms in the home country enhance competitiveness.

As shown in ***Figure 4-42*** above, a social norm in the home country influences cross-border strategy and competitiveness. The socio norms determine the way people support and implement organisational strategies. Shenkar and Luo (2008: 168) argue "national, industrial, corporate, ethnic, ideological and individual cultural orientations shape the strategies in international business."

4.2.4.3 Evaluation of influence of cultural norms of subsidiary jurisdiction on strategy and competitiveness

The responses sought from the respondents regarding the influence of the cultural norms in the subsidiary country to cross-border strategy and competitiveness. Findings concerning the influence of the cultural norms in the subsidiary country on strategy and competitiveness are presented in ***Figure 4-43*** below.

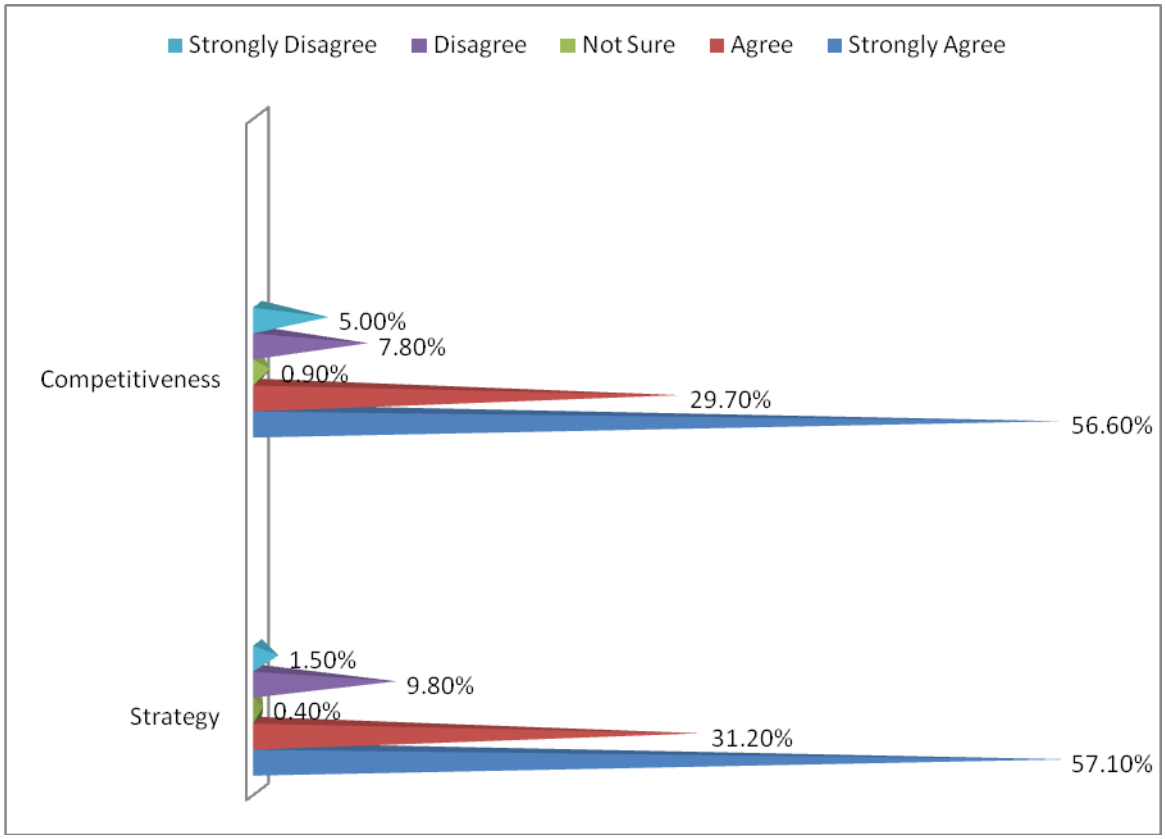

Figure 4-43: Showing influence of cultural norms in the subsidiary on strategy and competitiveness.

The study established that 57.1% of the respondents strongly agreed, 31.2% agreed, 0.4% were not sure, 9.8% disagreed and 1.5% strongly disagreed, that cultural norms in the subsidiary country influence cross-border strategy. Quantitative findings highlight that 88.3% agreed and 11.3% disagreed that cultural norms in the subsidiary country influence strategy. The majority of the respondents agree that cultural norms in the subsidiary country influence cross-border strategy.

The findings in relation whether cultural norms in the subsidiary country influence on competitiveness in cross-border banking were 56.6% strongly agreed, 29.7% agreed, 0.9% were not sure, 7.8% disagreed, and 5.0% strongly disagreed. Quantitative findings highlight that 86.3% agreed and 12.8% disagreed that cultural norms in the subsidiary country influence competitiveness. The findings imply that cultural norms in the subsidiary country enhance competitiveness.

As shown in ***Figure 4-43*** above, the cultural norm in the subsidiary country influences cross-border strategy and competitiveness. Hryckiewicz and Kowalewski (2010) found out that cultural, legal and economic factors and geographical proximity crucial for cross-border competitiveness. Managers should never commit the error of treating culture as a residual variable (Shenkar and Luo, 2008: 157). Cultural diversity is vital for building synergy, increase in productivity due to various talents, enhancement of creativity and innovation, and spread of the customer base and creation of new markets (Adrade, 2010); but Huang and Trauth (2007) note some challenges.

4.2.4.4 Evaluation of influence of cultural norms of the home country jurisdiction on strategy and competitiveness

The responses sought from the respondents regarding the influence of the cultural norms in the home country to cross-border strategy and competitiveness. Findings in relation to the influence of the cultural norms in the home country on strategy and competitiveness are presented in ***Figure 4-44*** below.

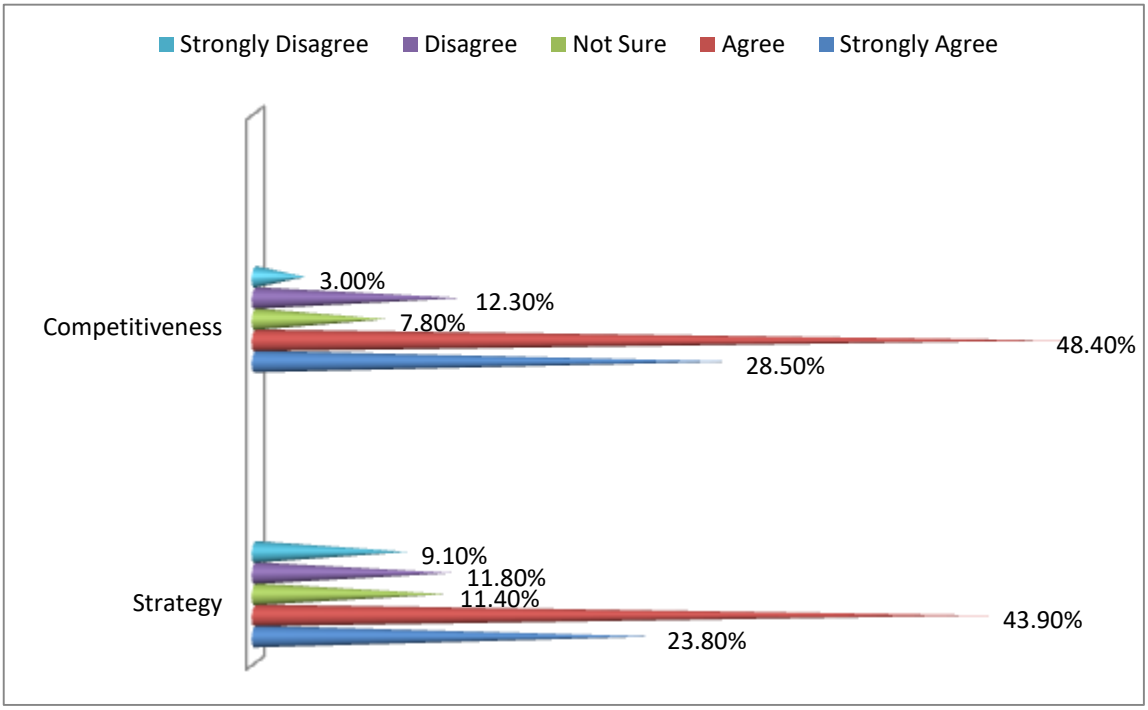

Figure 4-44: Showing influence of cultural norms of the home country on strategy and competitiveness.

The study established that 23.8% of the respondents strongly agreed, 43.9% agreed, 11.4% were not sure, 11.8% disagreed and 9.1% strongly disagreed, that cultural norms in the home country influence cross-border strategy. Quantitative findings highlight that 67.7% agreed and 20.8% disagreed that cultural norms in the home country influence strategy. The majority of the respondents agree that cultural norms in the home country influence cross-border strategy.

The findings in relation whether cultural norms in the home country influence on competitiveness in cross-border banking were 28.5% strongly agreed, 48.4% agreed, 7.8% were not sure, 12.3% disagreed, and 3.0% strongly disagreed. Quantitative findings highlight that 76.9% agreed and 15.3% disagreed that cultural norms in the home country influence competitiveness. The results imply that cultural norms in the home country enhance competitiveness.

As shown in ***Figure 4-44*** above, the cultural norm in the home country influences cross-border strategy and competitiveness. Culture is a collective programming

of the human mind (Hofstede, 2001) and significantly influences the strategies employed by organisations. Shenkar and Luo (2008: 180) note that culture is an important force in international business; individuals and firms use their own culture as an anchor. Cultural aspects are significant in the determination of cross-border trade (Moran, Harris and Moran, 2011). The international nature of modern business means that individual and organisational success is no longer dependent solely on business acumen, but also on our ability to understand, communicate and work with people in different countries and cultures (Moran, Harris and Moran, 2011).

4.2.4.5 Establish the influence of social norms of the home jurisdiction on marketing and customer care

The responses sought from the respondents regarding the influence of the social norms in the home country to cross-border strategy and competitiveness. Findings in regards to the influence of the social norms in the home country on marketing strategy and customer care are presented in ***Figure 4-45*** below.

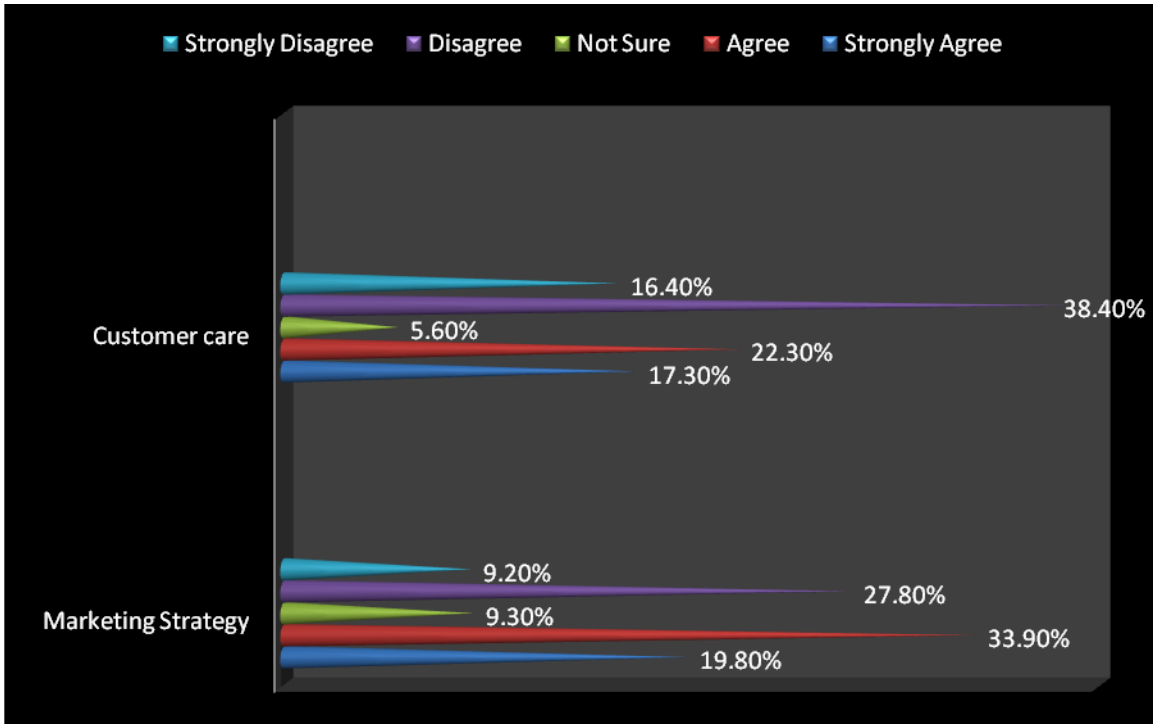

Figure 4-45: Showing the influence of social norms in the home country on marketing strategy and customer care.

The study established that 19.8% of the respondents strongly agreed, 33.9% agreed, 9.3% were not sure, 27.8% disagreed and 9.2% strongly disagreed, that social norms in the home country influence cross-border strategy. Quantitative findings highlight that 53.7% agreed and 37.0% disagreed that social norms in the home country influence the marketing strategy. The majority of the respondents agree that social norms in the home country influence cross-border marketing strategy.

The findings in relation whether social norms in the home country influence on customer care in cross-border banking were 17.3% strongly agreed, 22.3% agreed, 5.6% were not sure, 38.4% disagreed, and 16.4% strongly disagreed. Quantitative findings highlight that 39.6% agreed and 54.8% disagreed that social norms in the home country influence customer care. The findings imply that social norms in the home country don't influence customer care.

As shown in ***Figure 4-45*** above, social norms in the home country influence the marketing strategy but don't influence customer care.

4.2.4.6 Establish the influence of cultural norms of the subsidiary jurisdiction on marketing and customer care

The responses sought from the respondents regarding the influence of the cultural norms in the home country to cross-border strategy and competitiveness. Findings in regards to the influence of the cultural norms in the home country on marketing strategy and customer care are presented in ***Figure 4-46*** below.

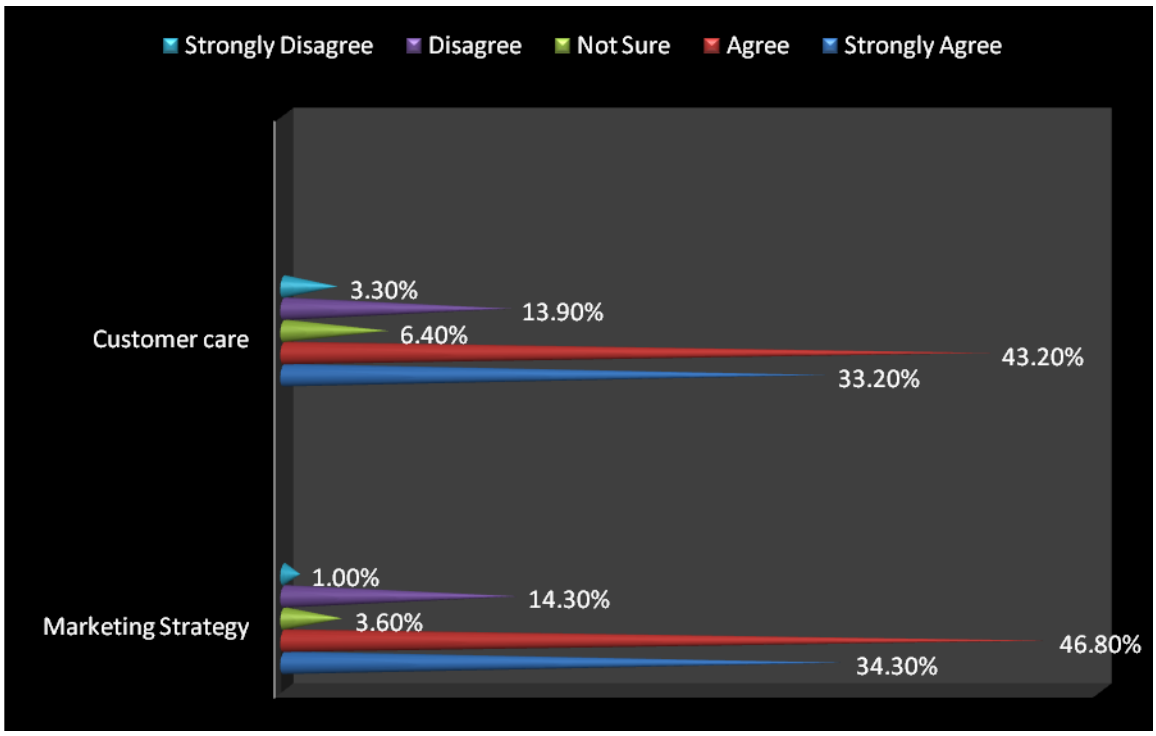

Figure 4-46: Showing the influence of cultural norms in the subsidiary on marketing strategy and customer care.

The study established that 34.3% of the respondents strongly agreed, 46.8% agreed, 3.6% were not sure, 14.8% disagreed and 1.0% strongly disagreed, that cultural norms in the subsidiary country influence cross-border strategy. Quantitative findings highlight that 81.1% agreed and 15.3% disagreed that cultural norms in the subsidiary country influence the marketing strategy. The

majority of the respondents agree that cultural norms in the home country influence cross-border marketing strategy.

The findings in relation whether cultural norms in the subsidiary country influence on customer care in cross-border banking were 33.2% strongly agreed, 43.2% agreed, 6.4% were not sure, 13.9% disagreed, and 3.30% strongly disagreed. Quantitative findings highlight that 76.4% agreed and 17.2% disagreed that cultural norms in the subsidiary country influence customer care. The findings imply that cultural norms in the subsidiary country influence customer care.

As shown in ***Figure 4.46*** above, confirm that cultural norms in the subsidiary country influence marketing and customer care.

4.2.4.7 Establish the influence of cultural norms of the home jurisdiction on marketing and customer care

The responses sought from the respondents regarding the influence of the cultural norms in the home country to cross-border strategy and competitiveness.

Findings of the influence of the cultural norms in the home country on marketing strategy and customer care are presented in ***Figure 4.47*** below.

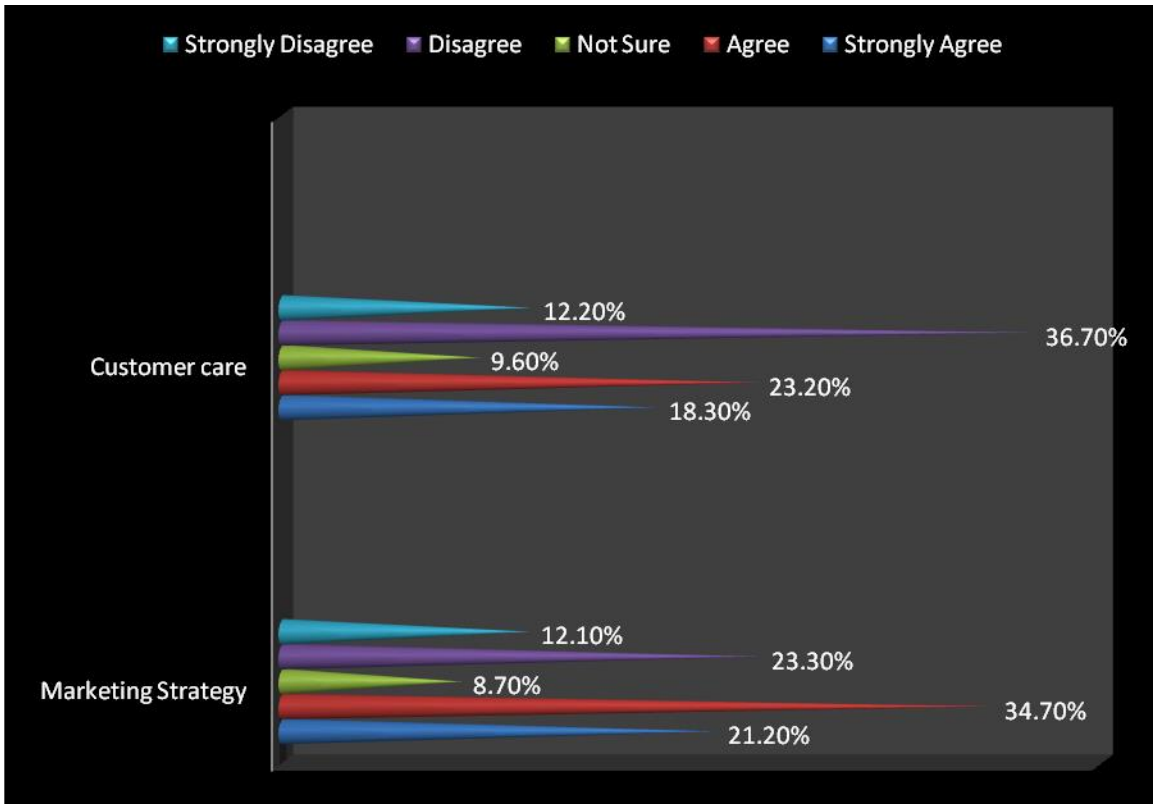

Figure 4-47: Showing the influence of cultural norms in the home country on marketing strategy and customer care.

The study established that 21.2% of the respondents strongly agreed, 34.7% agreed, 8.7% were not sure, 23.3% disagreed and 12.1% strongly disagreed, that cultural norms in the home country influence cross-border strategy. Quantitative findings highlight that 55.9% agreed and 35.4% disagreed that cultural norms in the home country influence the marketing strategy. The majority of the respondents agree that cultural norms in the home country influence cross-border marketing strategy.

The findings in relation whether cultural norms in the home country influence on customer care in cross-border banking were 18.3% strongly agreed, 23.2% agreed, 9.6% were not sure, 36.7% disagreed, and 12.2% strongly disagreed. Quantitative findings highlight that 41.5% agreed and 48.7% disagreed that cultural norms in the home country influence customer care. Findings imply that cultural norms in the home country don't influence customer care.

As shown in ***Figure 4-47*** above, confirm that cultural norms in the home country influence the marketing strategy but don't influence customer care.

4.2.5.0 Examination of cross-border banking as a driver to competitiveness by Kenya commercial bank

This section provides quantitative findings regarding the influence of examination of cross-border banking as a driver to competitiveness by Kenya Commercial Bank. The study also seeks to establish the extent to which cross-border banking facilitates competitiveness by Kenya commercial bank. The findings are meant to establish the contribution of cross-border banking to general banking competitiveness of Kenya Commercial Bank by assessing efficiency, risk management, learning, and innovation. Academic literature highlights the impact of cross-border banking on competitiveness; efficiency, risk management, learning, innovation, financial deepening and stability (Beck et al., 2014); depending on the host and home countries financial infrastructure, policies, culture, regulatory policies, and market structure; impeding or fostering cross-border competitiveness.

4.2.5.1 Engagement in cross-border banking enhances efficiency

The responses sought from the respondents regarding whether the pursuit of cross-border banking enhances efficiency. Findings of whether engagement in cross-border banking regardless of the strategy enhances efficiency in ***Figure 4-48*** below.

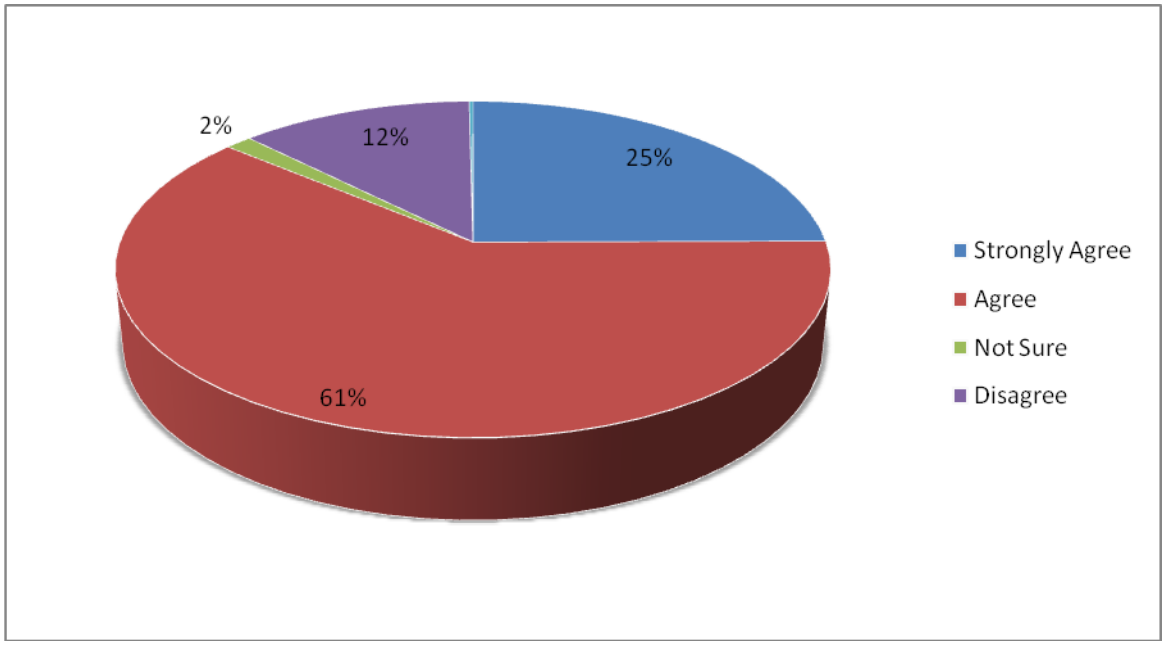

Figure 4-48: Cross-Border Banking Improves efficiency.

The study established that 25% of the respondents strongly agreed, 61% agreed, 2% were not sure, and 12% disagreed that cross-border banking enhances efficiency. The findings highlight that cross-border banking enhances efficiency as 86% of the respondents agree that cross-border banking enhances efficiency.

As shown in ***Figure 4-48*** above, there was a significant appreciation of the fact that cross-border venture enhances efficiency. Cross-country comparisons have shown that foreign bank entry is positively associated with efficiency and competition in host countries, as gauged by net interest margins, profitability and cost efficiency (Claessens, Demirgüç-Kunt, and Huizinga, 2000, 2001). Different studies have confirmed the hypotheses that the drive towards cross-border banking with a higher degree of competition in host countries (Claessens and Laeven (2004). The country based studies Colombia and Argentina also confirm the positive impact of foreign bank entry on efficiency in local banking markets (Clarke et al., 2000; Barajas et al., 2000).

Ghoshal (1987) notes that achievement of efficiency in current operations benefits from differences in factor costs, wages and costs of capital through the exploitation of potential economies of scale in each activity. MNEs take advantage of different patterns, endowments, cultures, institutional

arrangements, demand patterns, economic policies and market structures by concentrating production in a limited number of locations to supply multiple markets (Dunning and Lundan, 2008). MNEs attain higher efficiency as they rely on sourcing from low labour cost countries and also enjoy high efficiency from the centralization of their operations (Chen and Cannice, 2006).

4.2.5.2 Engagement in cross-border banking enhances risk management in Kenya Commercial Bank

The responses sought from the respondents regarding whether the pursuit of cross-border banking enhances risk management. Findings of whether engagement in cross-border banking regardless of the strategy enhances risk management provided in ***Figure 4-49*** below.

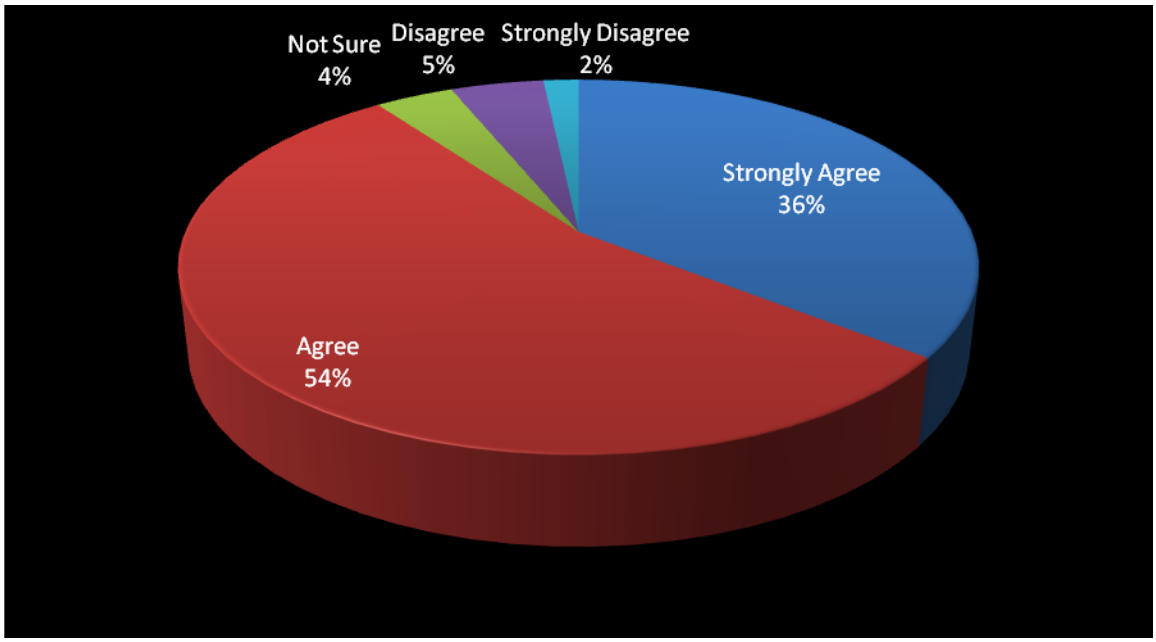

Figure 4-49: Cross-border operations improve Risk Management.

The study established that 38% of the respondents strongly agreed, 54% agreed, 4% were not sure, and 2% disagreed that cross-border banking enhances risk management. The findings imply that 90% of the respondents agree that cross-border banking enhances risk management.

As shown in ***Figure 4-49*** above, cross-border venture enhances risk management. The global spread also permits MNEs an effective response to trade and investment barriers (Shenkar and Luo, 2008: 103). They further explain that it provides MNEs with diversification, allowing them to compensate for low performance or uncertainties such as currency fluctuations in certain markets. Verbeke (2013) asserts that the higher rate of return considered against the higher risk associated with foreign investment, as the DMNEs are better placed to develop and gain ownership advantages. Developing MNEs subject to political risks and volatility can reduce risk and protect some capital base via diversification by shifting assets abroad (Lecraw, 1994). Several scholars have highlighted the benefits of international management strategies, i.e., managing risks through national differences (Krechel, 1981; Kobrin, 1982; Poynter, 1985; Lessard and Lightone, 1983; Srivivasulu, 1989; Herring, 1983, Ghoshal, 1987). A key benefit of cross-border banking arises from its effects on risk diversification, for both financial institutions and local economies (Beck et al., 2014); by a domestic bank investing abroad, it becomes less exposed to domestic shocks.

4.2.5.3 Engagement in cross-border banking enhances learning and innovation

The responses sought from the respondents regarding whether the pursuit of cross-border banking enhances learning and innovation. Findings of whether engagement in cross-border operations enhances learning and innovation provided in ***Figure 4-50*** below.

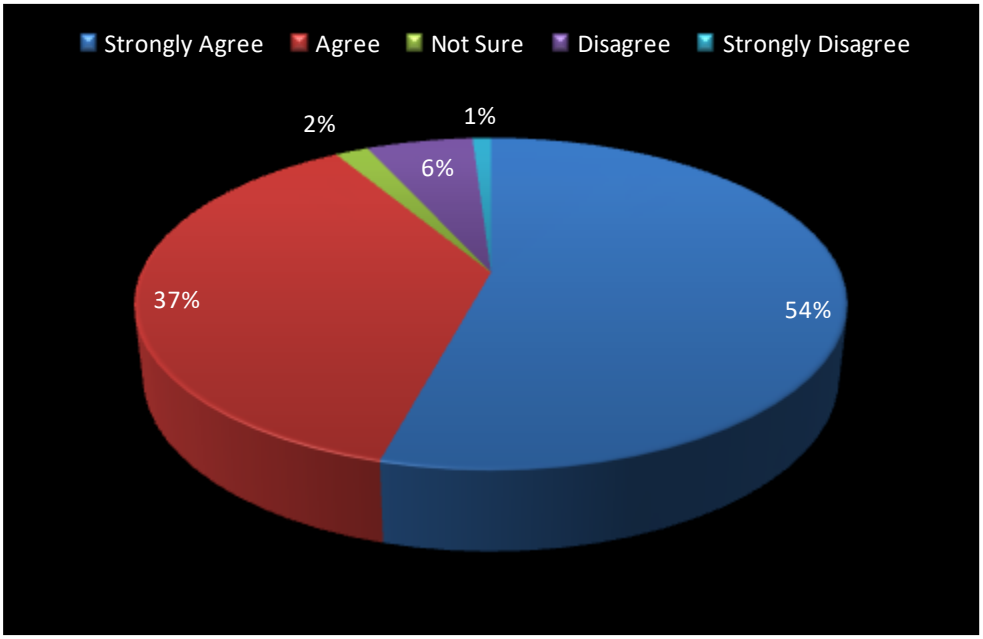

Figure 4-50: Engagement in cross-border banking enhances Learning and Innovation.

The study established that 54% of the respondents strongly agreed, 37% agreed, 2% were not sure, 6% disagreed and 1% strongly disagreed that cross-border banking enhances learning and innovation. The results found out that 91% of the respondents agree that cross-border banking enhances learning and innovation.

As shown in ***Figure 5-50*** above, cross-border venture enhances learning and innovation. MNEs can generate ideas and acquire new knowledge through organizing across different locations. Strategic capability includes technological assets such as patents, trade secrets, propriety designs, product development, and process innovation (Shenkar and Luo, 2008: 104). MNCs have a unique position to access diverse sets of technical inputs across global operations generating innovation together with existing knowledge (Singh and Zhao, 2006). International management literature provides mechanisms for exploitation and transfers knowledge more efficiently by internal expansion or external market mechanisms (Berry, 2014). He argues that a fundamental issue within the field of management concerns the generation, exploitation, and sharing of knowledge. Strategy for cross-border management of operations has to achieve a sustainable competitive advantage by exploiting, configuring and extending

knowledge assets (Eisenhardt and Martin, 2000; Berry, 2014). MNCs have to generate competitive advantages that other firms have difficulty replicating, matching or surpassing (Martin and Salomon, 2003).

4.2.5.4 Engagement in cross-border banking enhances competitiveness

The responses sought from the respondents regarding whether the pursuit of cross-border banking enhances competitiveness. The findings of the study are about whether cross-border regardless of the strategy enhances competitiveness provided in ***Figure 4-51*** below.

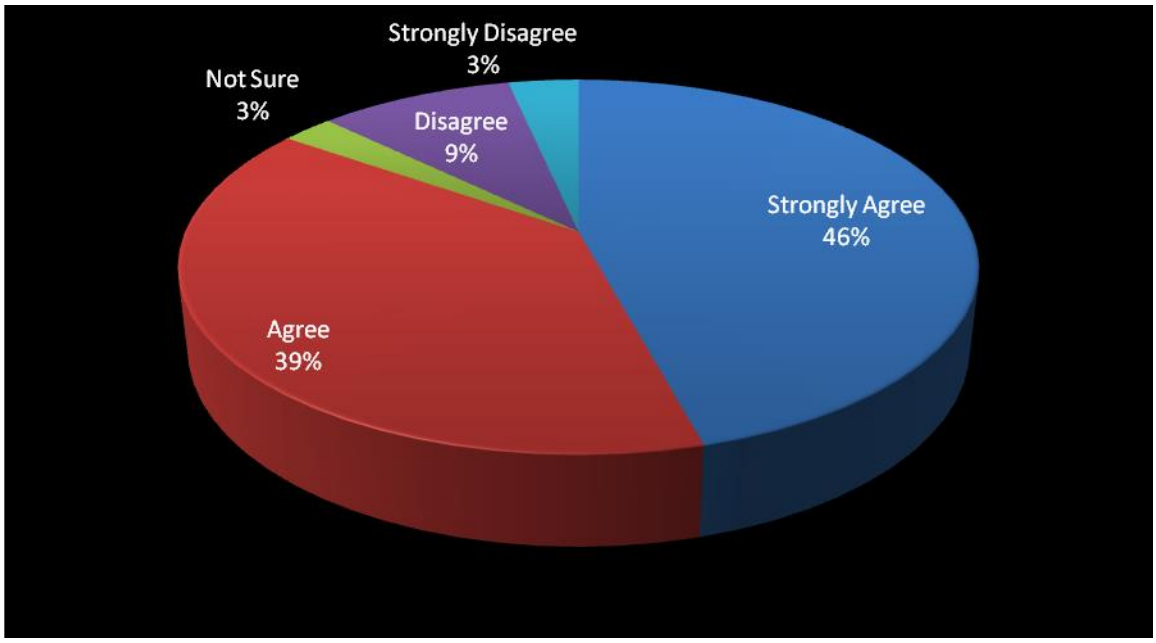

Figure 4-51: Cross-border operations improve Competitiveness.

The study established that 46% of the respondents strongly agreed, 39% agreed, 4% were not sure, 9% disagreed and 3% strongly disagreed that cross-border banking enhances competitiveness. The findings found that 85% of the respondents agree that cross-border banking enhances competitiveness.

As shown in ***Figure 4-51*** above, there was a significant appreciation of the fact that cross-border venture enhances competitiveness. Different studies have confirmed the hypotheses that the drive towards cross-border banking with a higher degree of competition in host countries (Claessens and Laeven (2004). The country based studies Colombia and Argentina also confirm the positive impact of foreign bank entry on efficiency in local banking markets (Clarke et al., 2000; Barajas et al., 2000). Similarly, country-specific studies in Eastern and Central European region also highlight a positive impact of foreign bank entry on competition in local markets (Kiralyi et al., 2000 for Hungary; Nikiel and Opiela, 2002 for Poland).

4.2.6.0 Testing the cross-border hypotheses for cross-border strategies by Kenya Commercial Bank.

Research hypotheses were tested to establish the moderation effect of political and socio-cultural environments on strategy and competitiveness.

4.2.6.1 Political environment positively influences cross-border strategies and competitiveness by Kenya Commercial Bank

The research hypotheses for moderation effect of political environment on cross-border strategies and competitiveness. Testing of the hypotheses provides insight on the moderation effect of political environment on strategy and competitiveness by Kenya Commercial Bank. The correlation coefficient for the relationship between variables of the political environment were testested againt the different dimensions of strategy. Political environment was assessed regulatory framework, supervision, political stability, the judicial system and political system with cross-border strategies.

The cross-border strategies which were assessed were global, multi-domestic and transnational. These variables tested against competitiveness in cross-border banking. The quantitative findings for the test of research hypotheses are presented in ***Table 4-38*** below.

Table 4-38: Correlation of political environment

		Regulatory Framework	Supervision	Political Stability	Judicial System	Political System	Global Strategy	Multi-Domestic Strategy	Transnational Strategy	Competitive Advantage
Regulatory Framework	**Pearson Correlation**	1	0.914**	0.713**	0.819**	0.808**	0.541**	0.814**	0.864**	0.714**
	Sig. (2-tailed)		0.000	0.000	0.000	0.000	0.078	0.000	0.000	0.000
	N		168	168	167	168	168	168	168	168
Supervision	**Pearson Correlation**	0.914**	1	0.812**	0.513*	0.617*	0.588*	0.623*	0.629*	0.609*
	Sig. (2-tailed)	0.000		0.000	0.091	0.000	0.000	0.000	0.000	0.000
	N	168		167	168	168	168	168	168	168
Political Stability	**Pearson Correlation**	0.713**	0.812	1	0.628	0.691	0.513	0.687	0.811**	0.683*
	Sig. (2-tailed)	0.000	0.000		0.000	0.000	0.012	0.000	0.000	0.000
	N	168	167		168	168	168	168	168	168
Judicial System	**Pearson Correlation**	0.819**	0.513*	0.628*	1	0.671*	0.413	0.522*	0.618*	0.634*
	Sig. (2-tailed)	0.000	0.091	0.000		0.000	0.072	0.020	0.030	0.002
	N	167	168	168		168	168	168	168	168
Political System	**Pearson Correlation**	0.808**	0.617*	0.691*	0.671*	1	0.633*	0.676*	0.689*	0.624
	Sig. (2-tailed)	0.000	0.000	0.000	0.000		0.023	0.003	0.002	0.000
	N	168	168	168	168		168	168	168	168
Global Strategy	**Pearson Correlation**	0.541*	0.588*	0.513*	0.413	0.633*	1	0.213	0.622*	0.515
	Sig. (2-tailed)	0.078	0.000	0.012	0.072	0.023		0.756	0.000	0.004
	N	168	168	168	168	168		168	168	168
Multi-Domestic Strategy	**Pearson Correlation**	0.814**	0.623*	0.687*	0.522*	0.676*	0.213	1	0.733**	0.729**
	Sig. (2-tailed)	0.000	0.000	0.000	0.020	0.003	0.756		0.000	0.000
	N	168	168	168	168	168	168		168	168
Transnational Strategy	**Pearson Correlation**	0.864**	0.629*	0.811**	0.618*	0.689*	0.622*	0.733**	1	0.891**
	Sig. (2-tailed)	0.000	0.000	0.000	0.030	0.002	0.000	0.000		0.000
	N	168	168	168	168	168	168	168		168
Competitive Advantage	**Pearson Correlation**	0.714**	0.609*	0.683**	0.634*	0.624*	0.515*	0.729**	0.891**	1
	Sig. (2-tailed)	0.000	0.000	0.000	0.002	0.000	0.004	0.000	0.000	
	N	168	168	168	168	168	168	168	168	

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

The correlation coefficient for the relationship between regulatory framework and supervision was 0.914 and statistically significant ($p<0.05$). The findings imply that the regulatory framework has a positive and significant relationship with supervision.

The correlation coefficient for the relationship between regulatory framework and political stability was 0.713 and statistically significant ($p<0.05$). The findings imply that the regulatory framework has a positive and significant relationship with political stability.

The correlation coefficient for the relationship between regulatory framework and judicial system was 0.819 and statistically significant ($p<0.05$). The findings imply that the regulatory framework has a positive and significant relationship with the judicial system.

The correlation coefficient for the relationship between regulatory framework and political system was 0.808 and statistically significant ($p<0.05$). The findings imply that the regulatory framework has a positive and significant relationship with the political system.

The correlation coefficient for the relationship between regulatory framework and global strategy was 0.541 and statistically significant ($p>0.05$). The findings imply that the regulatory framework has no positive and significant relationship with global strategy.

The correlation coefficient for the relationship between regulatory framework and multi-domestic strategy was 0.814 and statistically significant ($p<0.05$). The findings imply that the regulatory framework has a positive and significant relationship with multi-domestic strategy.

The correlation coefficient for the relationship between regulatory framework and transnational strategy was 0.864 and statistically significant ($p<0.05$). The findings imply that the regulatory framework has a positive and significant relationship with transnational strategy.

The correlation coefficient for the relationship between regulatory framework and competitiveness was 0.714 and statistically significant ($p<0.05$). The findings

imply that the regulatory framework has a positive and significant relationship with competitiveness.

The findings imply that; *"regulatory framework influences supervision, political stability, the judicial system, political system, global strategy, the multi-domestic strategy, transnational strategy and competitiveness in Kenya commercial bank."* The correlation coefficient for the relationship between supervision and political stability was 0.812 and statistically significant ($p<0.05$). The findings imply that the supervision has a positive and significant relationship with political stability.

The correlation coefficient for the relationship between supervision and judicial system was 0.513 and statistically significant ($p<0.05$). The findings imply that the supervision has a positive and significant relationship with the judicial system. The correlation coefficient for the relationship between supervision and political system was 0.617 and statistically significant ($p<0.05$). The findings imply that the supervision has a positive and significant relationship with the political system.

The correlation coefficient for the relationship between supervision and global strategy was 0.588 and statistically significant ($p>0.05$). The findings imply that the supervision has a positive and significant relationship with global strategy.

The correlation coefficient for the relationship between supervision and multi-domestic strategy was 0.623 and statistically significant ($p<0.05$). The findings imply that the supervision has a positive and significant relationship with multi-domestic strategy.

The correlation coefficient for the relationship between supervision and transnational strategy was 0.629 and statistically significant ($p<0.05$). The findings imply that the supervision has a positive and significant relationship with transnational strategy.

The correlation coefficient for the relationship between supervision and competitiveness was 0.609 and statistically significant ($p<0.05$). The findings imply that the supervision has a positive and significant relationship with competitiveness.

This therefore implies that; *"supervision influences judicial system, political system, global strategy, the multi-domestic strategy, transnational strategy and competitiveness in cross-border banking by Kenya commercial bank."*

The correlation coefficient for the relationship between political stability and judicial system was 0.628 and statistically significant ($p<0.05$). The findings imply that the political stability has a positive and significant relationship with the judicial system.

The correlation coefficient for the relationship between political stability and political system was 0.691 and statistically significant ($p<0.05$). The findings imply that the political stability has a positive and significant relationship with the political system.

The correlation coefficient for the relationship between political stability and global strategy was 0.513 and statistically significant ($p>0.05$). The findings imply that the political stability has a positive and significant relationship with global strategy.

The correlation coefficient for the relationship between political stability and multi-domestic strategy was 0.687 and statistically significant ($p<0.05$). The findings imply that the political stability has a positive and significant relationship with multi-domestic strategy.

The correlation coefficient for the relationship between political stability and transnational strategy was 0.811 and statistically significant ($p<0.05$). The findings imply that the political stability has a positive and significant relationship with transnational strategy.

The correlation coefficient for the relationship between political stability and competitiveness was 0.683 and statistically significant ($p<0.05$). The findings imply that the political stability has a positive and significant relationship with competitiveness.

The findings opine that; *"political stability influences judicial system, political system, global strategy, the multi-domestic strategy, transnational strategy and competitiveness in cross-border banking by Kenya commercial bank."*

The correlation coefficient for the relationship between the judicial system and political system was 0.671 and statistically significant ($p<0.05$). The findings imply that the judicial system has a positive and significant relationship with the political system.

The correlation coefficient for the relationship between the judicial system and global strategy was 0.413 and statistically significant ($p>0.05$). The findings imply that the judicial system has a positive and significant relationship with global strategy.

The correlation coefficient for the relationship between the judicial system and multi-domestic strategy was 0.522 and statistically significant ($p<0.05$). The findings imply that the judicial system has a positive and significant relationship with multi-domestic strategy.

The correlation coefficient for the relationship between the judicial system and transnational strategy was 0.618 and statistically significant ($p<0.05$). The findings imply that the judicial system has a positive and significant relationship with transnational strategy.

The correlation coefficient for the relationship between the judicial system and competitiveness was 0.634 and statistically significant ($p<0.05$). The findings imply that the judicial system has a positive and significant relationship with competitiveness.

The study established that; *"judicial system influences the political system, global strategy, the multi-domestic strategy, transnational strategy and competitiveness in cross-border banking by Kenya commercial bank."*

The correlation coefficient for the relationship between the political system and global strategy was 0.633 and statistically significant ($p>0.05$). The findings imply that the political system has a positive and significant relationship with global strategy.

The correlation coefficient for the relationship between the political system and multi-domestic strategy was 0.676 and statistically significant ($p<0.05$). The findings imply that the political system has a positive and significant relationship with multi-domestic strategy.

The correlation coefficient for the relationship between the political system and transnational strategy was 0.689 and statistically significant ($p<0.05$). The findings imply that the political system has a positive and significant relationship with transnational strategy.

The correlation coefficient for the relationship between the political system and competitiveness was 0.624 and statistically significant ($p<0.05$). The findings imply that the political system has a positive and significant relationship with competitiveness.

The study highlight that; *"political system influences global strategy, the multi-domestic strategy, transnational strategy and competitiveness in cross-border banking by Kenya commercial bank."*

The correlation coefficients explaining the relationship between variables of the political environment; regulatory framework, supervision, political stability, the judicial system and political system with cross-border strategies; global, multi-domestic and transnational are positive and significantly correlated. Similarly, the coefficient of correlation between political environment variables with competiveness is positively correlated with coefficients more than 0.5 and $p<0.05$.

The hypotheses that; "political *environment influences cross-border strategy and competitiveness"* was also accepted.

4.2.6.2 Socio-cultural environment influences cross-border strategies and competitiveness by Kenya Commercial Bank

The findings in relation to the research hypothesis on the influence of socio-cultural environment on strategy and competitiveness are presented in ***Table 4-39*** below. The hypothesis investigated in relation to social norms, cultural norms, global strategy, transnational strategy, multi-domestic strategy, efficiency, risk management, learning and innovation, and competitive advantage.

Table 4-39: Correlation of social, cultural environment with Multi-domestic and Transnational strategies

		Cultural Norms	Social Norms	Global Strategy	Multi-Domestic Strategy	Transnational Strategy	Efficiency	Risk Mgt	Learning & Innovation	Competitive Advantage
Cultural Norms	**Pearson Correlation**	1	0.873	0.536	0.872	0.734	0.535	0.544	0.781	0.777
	Sig. (2-tailed)		0.000	0.002	0.000	0.000	0.003	0.000	0.000	0.000
	N		168	168	167	168	168	168	168	168
Social Norms	**Pearson Correlation**	0.873	1	0.512	0.654	0.799	0.537	0.674	0.812	0.844
	Sig. (2-tailed)	0.000		0.003	0.001	0.000	0.023	0.001	0.000	0.000
	N	168		168	168	168	168	168	168	168
Global Strategy	**Pearson Correlation**	0.536	0.512	1	0.213	0.622	0.513	0.534	0.211	0.515
	Sig. (2-tailed)	0.002	0.003		0.756	0.000	0.027	0.000	0.456	0.004
	N	168	168		168	168	168	168	168	168
Multi-Domestic Strategy	**Pearson Correlation**	0.872	0.654	0.213	1	0.733	0.622	0.641	0.813	0.729
	Sig. (2-tailed)	0.000	0.001	0.756		0.000	0.002	0.000	0.000	0.000
	N	167	168	168		168	168	168	168	168
Transnational Strategy	**Pearson Correlation**	0.734	0.799	0.622	0.733	1	0.667	0.609	0.799	0.891
	Sig. (2-tailed)	0.000	0.000	0.000	0.000		0.002	0.002	0.000	0.000
	N	168	168	168	168		168	168	168	168
Efficiency	**Pearson Correlation**	0.535	0.537	0.513	0.622	0.667	1	0.339	0.455	0.785
	Sig. (2-tailed)	0.003	0.023	0.027	0.002	0.002		0.056	0.121	0.000
	N	168	168	168	168	168		168	168	168
Risk Mgt	**Pearson Correlation**	0.544	0.674	0.534	0.641	0.609	0.339	1	0.689	0.747
	Sig. (2-tailed)	0.000	0.001	0.000	0.000	0.002	0.056		0.000	0.000
	N	168	168	168	168	168	168		168	168
Learning & Innovation	**Pearson Correlation**	0.781	0.812	0.211	0.813	0.799	0.455	0.689	1	0.898
	Sig. (2-tailed)	0.000	0.000	0.456	0.000	0.000	0.121	0.000		0.000
	N	168	168	168	168	168	168	168		168
Competitive Advantage	**Pearson Correlation**	0.777	0.844	0.515	0.729	0.891	0.785	0.747	0.898	1
	Sig. (2-tailed)	0.000	0.000	0.004	0.000	0.000	0.000	0.000	0.000	
	N	168	168	168	168	168	168	168	168	

The correlation coefficient for the relationship between cultural norms and social norms was 0.873 and statistically significant (p>0.05). The findings imply that the cultural norms have a positive and significant relationship with social norms.

The correlation coefficient for the relationship between cultural norms and global strategy was 0.536 and statistically significant ($p<0.05$). The findings imply that the cultural norms have a positive and significant relationship with global strategy.

The correlation coefficient for the relationship between cultural norms and multi-domestic strategy was 0.872 and statistically significant ($p<0.05$). The findings imply that the cultural norms have a positive and significant relationship with multi-domestic strategy.

The correlation coefficient for the relationship between cultural norms and transnational strategy was 0.734 and statistically significant ($p<0.05$). The findings imply that the cultural norms have a positive and significant relationship with transnational strategy.

The correlation coefficient for the relationship between cultural norms and efficiency strategy was 0.585 and statistically significant ($p<0.05$). The findings imply that the cultural norms have a positive and significant relationship with efficiency.

The correlation coefficient for the relationship between cultural norms and risk management strategy was 0.544 and statistically significant ($p<0.05$). The findings imply that the cultural norms have a positive and significant relationship with risk management.

The correlation coefficient for the relationship between cultural norms and learning and innovation strategy was 0.812 and statistically significant ($p<0.05$). The findings imply that the cultural norms have a positive and significant relationship with learning and innovation.

The correlation coefficient for the relationship between cultural norms and competitiveness was 0.844 and statistically significant ($p<0.05$). The study established that cultural norms have a positive and significant relationship with competitiveness.

The study established that; *"cultural norms influence social norms, global strategy, the multi-domestic strategy, transnational strategy, efficiency, risk management, learning, innovation, and competitiveness in cross-border banking by Kenya commercial bank."*

The correlation coefficient for the relationship between social norms and global strategy was 0.512 and statistically significant ($p<0.05$). The results imply that the social norms have a positive and significant relationship with global strategy.
The correlation coefficient for the relationship between social norms and multi-domestic strategy was 0.654 and statistically significant ($p<0.05$). The findings imply that the social norms have a positive and significant relationship with multi-domestic strategy.

The correlation coefficient for the relationship between social norms and transnational strategy was 0.799 and statistically significant ($p<0.05$). The study established that the social norms have a positive and significant relationship with transnational strategy.

The correlation coefficient for the relationship between social norms and efficiency strategy was 0.537 and statistically significant ($p<0.05$). The results signify that the social norms have a positive and significant relationship with efficiency.

The correlation coefficient for the relationship between social norms and risk management strategy was 0.674 and statistically significant ($p<0.05$). The findings imply that the social norms have a positive and significant relationship with risk management.

The correlation coefficient for the relationship between social norms and learning and innovation strategy was 0.812 and statistically significant ($p<0.05$). The findings theeerefore imply that the social norms have a positive and significant relationship with learning and innovation.

The correlation coefficient for the relationship between social norms and competitiveness was 0.844 and statistically significant ($p<0.05$). The findings, therefore, imply that that the social norms have a positive and significant relationship with competitiveness.

The results imply that; *"social norms influence global strategy, the multi-domestic strategy, transnational strategy, efficiency, risk management, learning, innovation, and competitiveness in cross-border banking by Kenya commercial bank."*

The correlation coefficient for the socio-cultural environment variables with the cross-border strategies was positive with coefficients more than 0.5 and $p<0.05$. The correlation coefficients for the socio-cultural environment with cross-border strategies were positively significantly correlated. Socio-cultural environment influenced cross-border strategies; global, multi-domestic, and transnational. Similarly, socio-cultural environment influenced competitiveness; efficiency, risk management, learning, and innovation.

The hypothesis that; "socio-cultural *environment influences cross-border strategy and competitiveness"* was also accepted

4.2.7.0 Development of a quantitatively derived framework to determine the effect of global, multi-domestic and transnational strategy for gaining competitive advantage by Kenya Commercial Bank

The major purpose of the study was to establish a cross-border framework for competitiveness for Kenya Commercial Bank in East Africa. The cross-border framework for competitiveness was established by use of regression to predict the significance of effect of Global, multi-domestic and transnational strategies on competitiveness. The process for development of the framework involved Chi-square (F-value) and yielded the R2 value.

First, the framework Chi-square (F-value) and the respective p-value were generated to test for goodness of fit of the framework. Secondly, the framework summary also yielded the R2 value which indicated the magnitude of variation in competitiveness explained by the strategies fitted in the framework. The framework coefficients generated alongside with p-values for each strategy which indicated the significance of each strategy and the magnitude of effect on competitiveness. The summary of the regression framework presented in ***Table 4-40*** below.

Table 4-40: Regression results for the effect of Global, Multi-domestic and Transnational strategies on competitiveness

Variable	B	Std. Error	T
(Constant)	2.059	.440	4.677
Multi-domestic strategy	.248	.091	2.731
Global strategy	.009	.117	.0141
Transnational strategy	.366	.097	3.779
R2=0.30 F-value =13.9; P-value=0.000			

The framework Chi-square was 13.9 and statistically significant ($p<0.05$). The finding implies that the framework had a good test of fit. The coefficient of determination (R2) was 0.30 which indicated that overall, the regression framework explained 30% of the variation in competitiveness.

The p-value for the regression coefficient for the transnational strategy was less than 5% significance level indicating that transnational strategy had a significant positive influence on competitiveness. The regression coefficient suggests that adoption of the transnational strategy would improve competitiveness by 36.6%.

A similar finding was observed for the effect of multi-domestic strategy though its influence was less significant compared to the effect of transnational strategy. The coefficient indicates that adoption of the multi-domestic strategy improves competitiveness by 24.8%. Multi-domestic and transnational strategies had a positive and significant effect on competitiveness.

In contrast, the effect of Global strategy alongside, multi-domestic and transnational strategies was not significant.

Table 4.41: Testing the correlation of Global strategy with Multi-domestic and Transnational strategies

Correlations

		GLOBAL_STRATEGY_CATEGORICAL	MULTIDOMESTIC_CATEGORICAL	TRANSNATIONAL_CATEGORICAL
GLOBAL_STRATEGY_CATEGORICAL	Pearson Correlation	1	.529**	.551**
	Sig. (2-tailed)		.000	.000
	N	167	166	167
MULTIDOMESTIC_CATEGORICAL	Pearson Correlation	.529**	1	.517**
	Sig. (2-tailed)	.000		.000
	N	166	167	167
TRANSNATIONAL_CATEGORICAL	Pearson Correlation	.551**	.517**	1
	Sig. (2-tailed)	.000	.000	
	N	167	167	168

**. Correlation is significant at the 0.01 level (2-tailed).

The correlation coefficient for the relation-ship between Global strategy and multi-domestic strategy was 0.5 and statistically significant ($p<0.05$). Similarly, the correlation coefficient for the relation-ship between Global strategy and transnational strategy was 0.5 and statistically significant ($p<0.05$).

This finding indicated that Global strategy significantly correlated with multi-domestic and transnational strategies. Quantitative established that the correlation effect suppresses the effect of Global strategy with multi-domestic and transnational strategies.

Hence when fitted into the framework alongside, multi-domestic and transnational strategies the effect of Global strategy appears insignificant as observed in the ***Table 4.41*** above.

4.2.8.0 The derived empirical framework for the competitiveness of the KCB based on statistical procedures including factor analyses

In drafting an empirical framework, an attempt has to be made to sketch the framework in both pictures and words such that it ultimately reflects the dynamic aspects of the phenomenon under study in a simplified form (Mouton, 1996).The framework demonstrates the relationship between various structural elements of the said framework.The model is critical in the analysis of the concepts of cross-border banking by Kenya Commercial Bank. Empirical framework is developed based on data collected and analysed while the postulated framework was developed based on theories and empirical literature on cross-border ventures. The comparative analysis of the two frameworks has been undertaken to strengthen the concepts behind cross-border banking in Africa further.

4.2.8.1 Rotated Factor Structure: Second level Rotation

Confirmatory factor analysis was undertaken for confirmation of the critical factors responsible. The majority of fixed design research is exclusively quantitative, and the degree of pre-specification of design analyses means that the major task in data analysis is confirmatory; that is, it seeks to establish whether predictions confirmed by the data. Such *confirmatory data analysis* (CDA) is the mainstream approach in statistical analysis (Robson, 2002:399) and utilised in the analysis of the questionnaires in this study. This research was not only limited to confirmation of data but also envisaged to search for variables and correlations of data.

The rotated factor structure provided for in ***Table 4-42 below:***

Table 4-42: Rotated Factor Structure: Second level Rotation

Rotated Component Matrix[a]						
		Component				
		1	2	3	4	5
1	Same policies	0.724	-0.412	0.324	0.088	0.313
2	Standard Products	0.712	-0.389	0.411	0.091	0.323
3	Global dynamics	0.711	-0.423	0.311	0.111	0.089
4	Centralisation	0.686	-0.323	0.083	0.122	0.262

Rotated Component Matrix[a]						
		Component				
		1	2	3	4	5
5	Different marketing strategies	-0.313	0.702	0.328	0.076	0.123
6	Use of different policies	-0.429	0.713	0.254	0.083	0.073
7	Independent HR	-0.311	0.711	0.323	0.075	0.032
8	Different management strategies	-0.113	0.701	0.005	0.089	0.014
9	Decentralisation	-0.323	0.699	0.313	0.083	0.079
10	Knowledge sharing	0.425	0.391	0.828	0.178	0.008
11	Specialised operations	0.488	0.467	0.802	0.134	0.076
12	Research and development	0.473	0.323	0.811	0.245	0.083
13	Regulatory framework	0.013	0.089	0.111	0.778	0.075
14	Supervision	0.067	0.262	0.189	0.781	0.089
15	Political stability	0.023	0.123	0.012	0.678	0.328
16	Judicial system	0.002	0.073	0.084	0.669	0.254
17	Political system	0.033	0.032	0.087	0.701	0.323
18	Cultural norms	0.222	0.014	0.081	0.089	0.782
19	Social Norms	0.015	0.079	0.073	0.104	0.765
Extraction Method: Principal Component Analysis						
Rotation Method: Varimax with Kaiser Normalisation						

The components extracted for the study is a global strategy, multi-domestic strategy, transnational strategy, political environment, social, cultural environment and competitive advantage. The different components have been described as follows: Global; same policies, standard products global dynamics, and centralisation. While the multi-domestic strategy described by factors; unique marketing strategies, use of different policies, independent human resource management, unique management strategies, and decentralisation. The transnational strategy described by knowledge sharing, specialised operations, research, and development. The political environment described by the regulatory framework, supervision, political stability, the judicial system, and

political system. The social, cultural environment described by cultural norms and social norms.

4.2.8.2 Empirically Derived Framework

The empirically derived framework highlights that the transnational strategy is the most appropriate strategy for competitiveness combining both global and multi-domestic strategies.

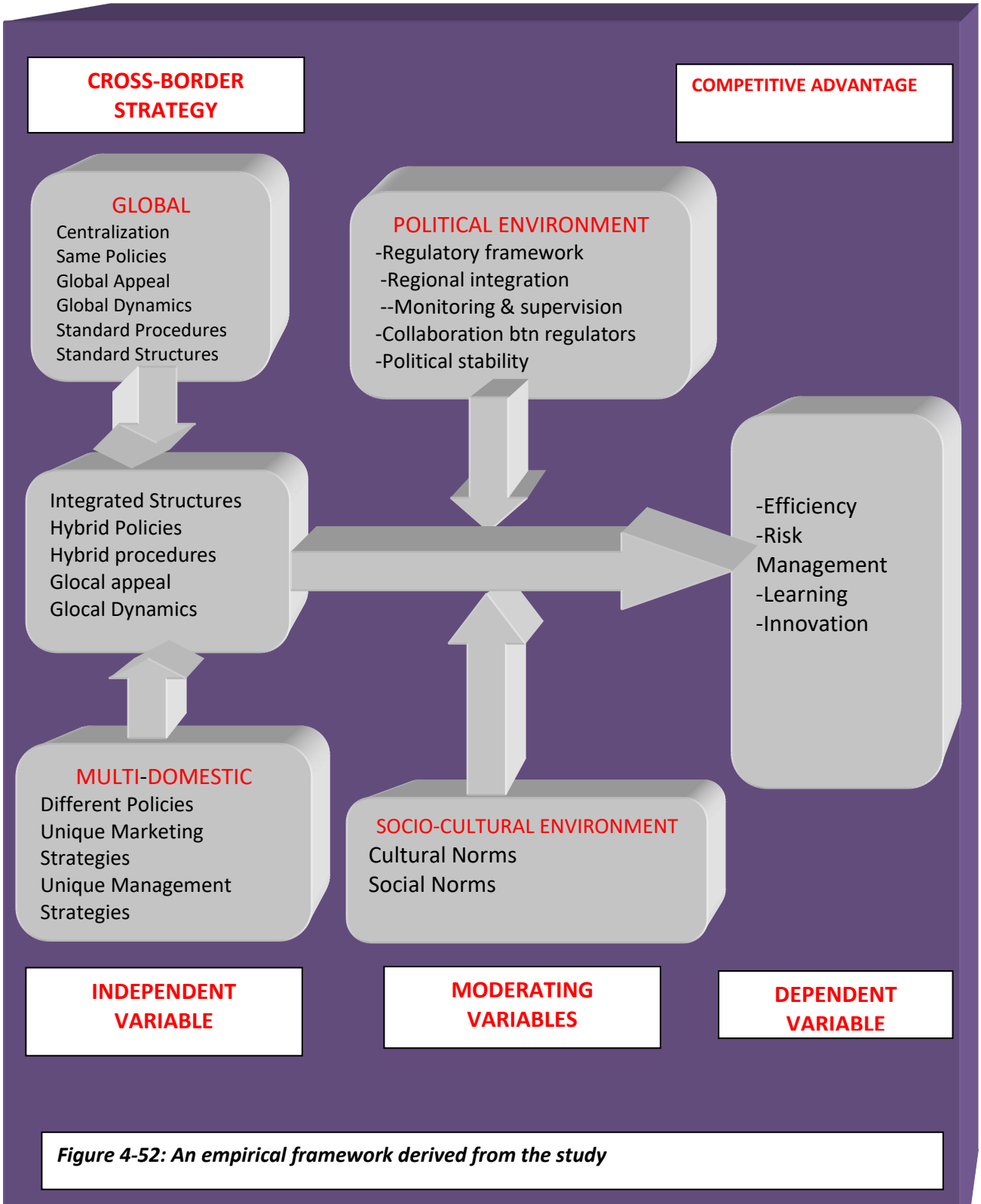

Figure 4-52: An empirical framework derived from the study

dynamics, and local appeal. Integration of the elements of global and multi-domestic is appropriate for completion. The transnational strategy, therefore, means hybrid procedures, hybrid policies, integrated structures, global dynamics, and global appeal. Political and socio-cultural environments moderate the process for the development of the transnational strategy through interaction between the multi-domestic and global strategies for competitiveness.

4.2.9.0 Postulated Framework

Figure 4.53 below provides a postulated conceptual framework for cross-border strategies for gaining a competitive advantage by a banking institution. Cross-border strategy is the independent variable while competitive advantage the dependent variable. The independent and dependent variables moderated by the socio-cultural and political environments in which the MNE operates. In this conceptual framework, the cross-border strategies are broken down into global strategy, multi-domestic strategy, transnational strategy, and international business strategy. These are the strategies normally employed by MNEs to gain competitiveness in business. The dependent variable competitiveness is broken down into efficiency, risk management, and innovation and learning. These are the strategies the MNEs pursue while organizing across the borders within the nation.

The postulated framework which is derived from the study is provided in ***figure 4.53*** below.

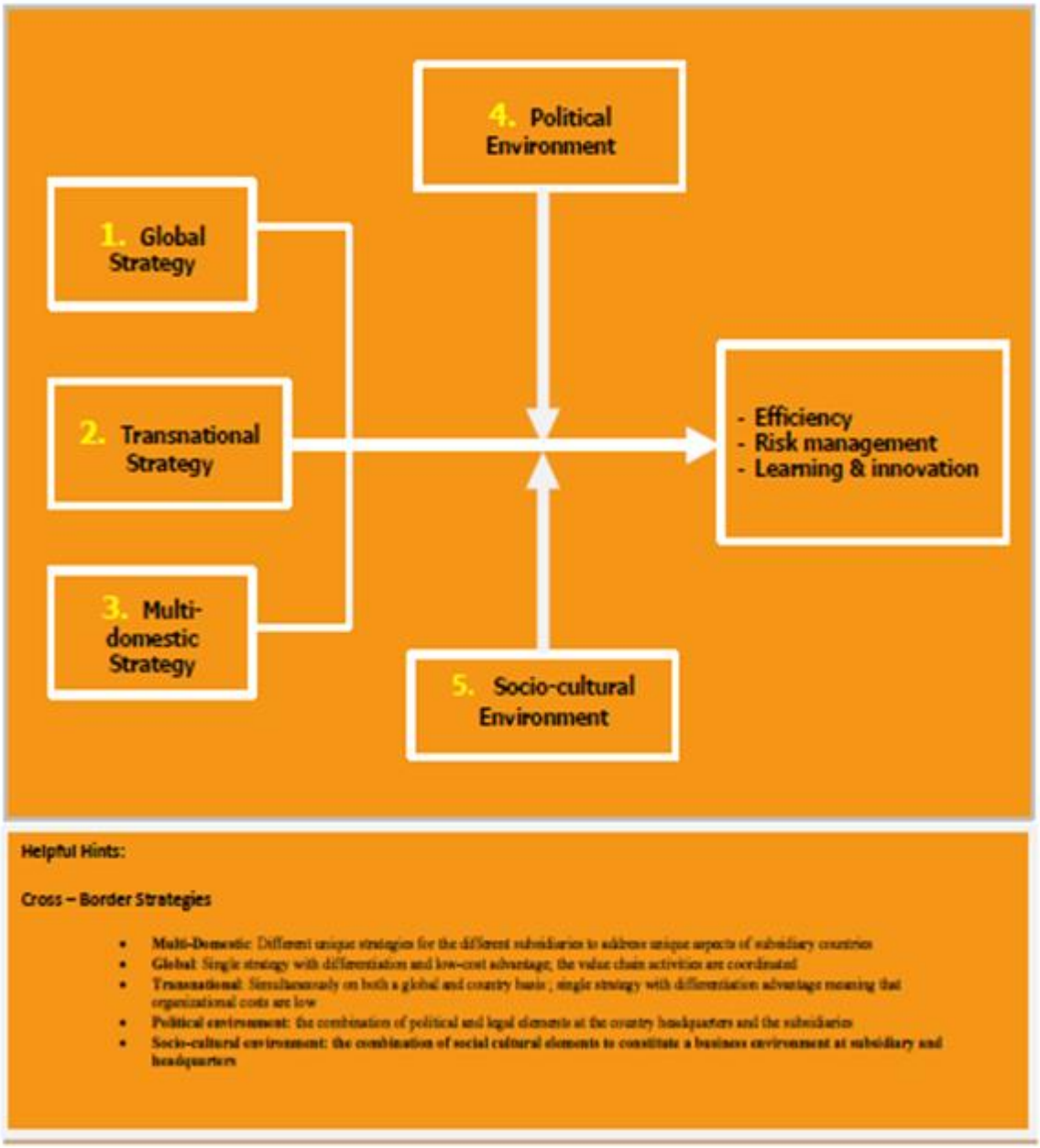

Figure 4-53: A postulated framework for cross-border banking

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4.2.10.0 Comparative analysis between the postulated and empirical frameworks

A comparison between the postulated and empirical frameworks is critical in the understanding the differences between the literature and contemporary

knowledge regarding cross-border banking. Postulated framework provides a conceptualization of variables for gaining competitive advantage in cross-border banking.

Figure 4.53 above provides a postulated conceptual framework for cross-border strategies for gaining a competitive advantage by a banking institution. The framework argues that diverse strategies; global, transnational, multi-domestic are moderated by political and socio-cultural environments in order attain competitive advantage. The framework breaks down strategy into global strategy, multi-domestic strategy, transnational strategy, and global business strategy. The dependent variable competitiveness is broken down into efficiency, risk management, and innovation and learning.

The empirical framework provides the relationship between multi-domestic and global strategy to produce a transnational strategy which is a mix of multi-domestic and global strategy. Transnational strategy is moderated by the political and socio-cultural environments for competitiveness. The empirical framework maintains efficiency, risk management, learning and innovation as the sub variables of the dependent variables.

The postulated and empirical frameworks are similar as dependent variables, moderating variables are similar. However, the empirical framework provides the transnational strategy as the independent variable which is influenced by multi-domestic and global strategies. The sub variables for the independent variables are globalisation, centralisation, and decentralisation.

4.2.11.0 In conclusions

The framework is shown above as well as its preceding statistical procedures, seriously attempted to achieve the following research objectives:

- To use the quantitative research survey methods to develop a quantitatively derived framework to determine the effect of a global, multi-domestic; and transnational strategy on gaining a competitive advantage by Kenya Commercial Bank in Kenya.

- To quantitatively test the hypotheses developed from theory regarding the influence of political and socio-cultural environment on cross-border strategies and competitiveness by Kenya Commercial Bank.

- To evaluate the effect of the socio-cultural environment as well as the political environment on cross-border strategy and competitiveness by Kenya Commercial Bank in Kenya.

SECTION TWO: QUALITATIVE

The next section deals with the use of **QUALITATIVE** data to support the quantitative results thus aiding in the attempt to render the derived framework credible.

Therefore, the underlying issue the researcher intends to unravel is to determine what exists in the peoples' minds regarding their views on the derived cross-border framework and whether or not they perceived it as a reasonable reflection of reality in the Kenya Commercial Bank (Strauss & Corbin, 1998). Also, to indicate whether the research outcome fits the actual situation and contributes positively towards the success and competitiveness of the bank.

This section, therefore, presents qualitative findings mainly presenting the basic descriptions of operations of Kenya Commercial Bank in Kenya, Uganda, Rwanda, and Burundi. The study has also provided insight into the changing regulatory framework in the different countries. Quantitatively the findings in the first phase of the study leading to the development of context have been validated. The relationship between the cross-border strategies: global, transnational, and multi-domestic competitiveness. The second phase of the study also undertook to establish the moderating effect of political and socio-cultural environments on the strategies and competitiveness. Hence, the researcher sought to develop the relevance of the framework using qualitative data.

The qualitative phase of the study used the case study research design based on interpretivism research philosophy. Furthermore, qualitative methodologies are popular in social sciences for validation of frameworks as it provides the researchers with the ability to understand experiences of the respondents

(Strauss & Corbin, 1998; Ghauri & Gronhaug, 2003). Also, the qualitative phase supports quantitative findings and aids the validation of the quantitatively derived framework. To this end, McGloin (2008:45) argued that qualitative research is concerned with the explanation of a social phenomenon focusing on people's behaviour being the effect of events on people, cultural influence, developments and differences in social groups. Thus, the qualitative phase of the study facilitated the expression of experiences which couldn't be expressed in numbers (Strauss & Corbin, 2003, Berg, 1989). It emphasized understanding from the participant's point of view, interpretation and the rational approach, observations and measurements in natural settings, subjective and insider view and closeness to the data. The method enabled the researcher to explore operations of Kenya Commercial bank in the four countries covered by the scope of this research. This enlightened the researcher on the insights of the holistic behaviour and regulatory environments in Kenya, Uganda, Rwanda, and Burundi. The study also proceeded to assess challenges faced by Kenya Commercial bank in cross-border banking. The implications of the political and socio-cultural environment qualitatively evaluated.

The section provides an overview of KCB operations in Kenya, Uganda, Rwanda and Burundi East Africa and satisfies the qualitative research objectives of the study, namely:

- To qualitatively assess the lived experiences of the Kenya Commercial Bank employees regarding the applicability of the quantitatively derived framework on the influence of cross-border strategies for gaining a competitive advantage by Kenya Commercial Bank.

- To evaluate the effect of the socio-cultural environment as well as the political environment on cross-border strategy and competitiveness by Kenya Commercial Bank in Kenya

- To assess the challenges faced by Kenya commercial bank in cross-border banking together providing solutions to address the problems appropriately

4.3.1 Overview cross-border banking

Keegan (1998) companies must decide whether to expand by seeking new markets in existing countries or seeking new country markets for already identified and served market segments. Ball and McCullach (1993), firms end up going abroad for some reasons but mainly moved by a desire for increasing sales, profits and protection from erosion of competition. According to KCB cascade, (2010), as part KCB's regional growth strategy in October 2008, KCB introduced a new technology platform T24 that has strengthened its operations further. The new T24 platform has enabled KCB to be a one branch network across the region as all its subsidiaries have it installed (Mwadime, 2010).Dunning (1993) less saturated foreign markets provide companies with the means to maintain and expand distribution and gain overall market share by exploiting their current stock of assets-that firms with valuable transaction-based ownership advantages can reap internalization benefits, circumvent market failure, and avoid trade barriers, moral hazards, and broken contracts. Deresky (1997) argues that a company has four strategies for competition; customization of products standardised across the world, employment the same approach in the subsidiaries identical to home strategy. Customization provides goods and services according to local tastes and preferences, and efficiently transfer the company's resource strengths and capabilities from one country to another to secure competitive advantage. The regulatory frameworks across the East African region have been changing owing to several factors within the area and global banking dynamics to promote monetary stability globally, regionally and to local markets.

4.3.1.1 Kenya

Economic growth for Kenya initially projected at 6.9% underpinned by increased government expenditure on infrastructure, improved rainfall, and recovery in the tourism sector. The economy has continued growing at a rate of .5% - 6.0% with growth in the third quarter estimated at 5.8% (KCB, 2016). This growth has been mainly predominantly in communication, construction, agriculture, and household sector. Despite challenges in the global and regional arena, the Kenyan economy has remained resilient. The Kenyan shilling experienced high levels of volatility as a result of a strengthening of the US dollar, therefore losing 13% of its value to the US dollar, closing 2015 at KShs 102.4 to the US Dollar as compared to KShs 90.6 at the close of 2014 (KCB, 2016). Interest rates also experienced an upward trend with the weighted average 91-days Treasury bill rate increasing to a high of 22.5% in the year. The Monetary Policy Committee raised the Central Bank Rate (CBR) twice in the year from 8.5% to 11.5%. Where it has remained unchanged,

enabling the recovery of the Kenya shilling which stabilized at KShs 101 against the US dollar Headline inflation increased gradually through the year, rising from 6% in December 2014 to 8% by December 2015, crossing over the Central Bank upper threshold of 7.5%, before stabilizing around the 7% mark. Inflationary pressure was attributed predominantly to the depreciation of the shilling (KCB, 2016). Kenya has a well developed financial system for a country of its income level (Beck and Fuchs 2004); it's not too far off from the predicted level in a global cross-country framework (Allen et al. 2012). Christensen (2010) classifies Kenya as a frontier market economy whose financial market is advanced, but not to the same extent as emerging. The size of Kenya's financial sector is beyond the threshold to negatively impact on economic growth (Mwega, 2014). Griffith-Jones and Karwowski (2013) credit expansion in Kenya has been relatively modest in the previous decade. He further compared Kenya at 19.5% over 2000-10) in comparison to selected SSA countries (Angola 1545.5%, Malawi 215.6%, Mali 286.7%, Niger 174.4%, Nigeria 173.0%, Sao Tome and Principe 709.8%, Sierra Leone 384.2%, Sudan 505.6%, Tanzania 274.4 and Uganda 152.8%).

The regulatory framework with Kenya the headquarters of Kenya Commercial Banking Group has witnessed changes due to introduction and operationalization of the Kenya Banks Reference Rate (KBRR). KBRR provides a mechanism for uniform base lending rate across the banking sector enhancing transparency, competition, access to credit and overall cost of credit. Regulatory framework significantly influenced the business environment in Kenya as new and old floating, flexible and variable credit facilities transitioned to the frame by 30th June 2015 (KCB, 2015). The structure encouraged the bank to review interest rates and notifying the customers about the review in line with KBRR, and foreign exchange exposures have efficiently revised from 20% to 10% of a bank's core capital. The regulatory framework has also come up with general employment rules in 2014 clarifying the rights of employees in the workplace. Introduction of the Finance Act 2015 amended various regulations including the elimination of stamp duty on transfer of REIT's instruments, Proceeds of Crime and Anti-Money Laundering Act, giving the Financial Reporting Centre additional responsibilities and powers to seek information and documents on the financing of terrorism (KCB, 2015). The regulator has put in place a greater emphasis on Anti-Money Laundering supervision on banks by the Regulator. The Banking Act has also been amended to eliminate the bureaucracy in issuing annual bank licenses and introduced the vetting of influential non-significant shareholders. The company's act 2015 has significantly reformed the regulatory regime regarding the incorporation, registration, operation, management, and regulation of

corporations (KCB, 2015). The Act has simplified the integration of businesses and ensuring that organisations appropriately and governed efficiently. The Act enhances corporate governance through an increase in the duty of care and skill requirements for board members, therefore, creating more responsibility and accountability on company boards. It expressly clarifies the duties, responsibilities, and liability of directors in the management of companies. KCB has to undertake diverse compliance mechanisms; training of directors, shareholders, senior management and staff involved in the implementation of the Act, review charges and debentures, review the Bank's Know Your Customer (KYC) requirements for companies, amendment of Bank's Memorandum and Articles of Association and amendment of Board Charter. Insolvency Act 2015 replaced the Bankruptcy Act promoting restoration of financially troubled corporations and yet at the same time protecting creditors' and public interest. The new law requires the bank to amend credit agreements in line with the requirements on the administration of struggling businesses to ensure that the Bank gets the best return possible and exercises a measure of control over a borrower that is struggling financially (KCB, 2015). In 2015 marked the formal implementation of the Unclaimed Financial Assets Act, 2011 requiring institutions submitting requisite reports on and surrendering unclaimed financial assets to the Unclaimed Financial Assets Authority (UFAA). The financial act requires unclaimed deposits transferred to the authority and KCB audited on compliance. The implementation of Prevention of Terrorism Act, 2012 and the Persons with Disability Act, 2003 started commenced in 2015. The legislation requires banks to comply with prevention of terrorism subject to scrutiny by the Ministry of Internal Security and The National Council for Persons with Disability.

4.3.1.2 Uganda

Uganda's economic activity grew by 5.0% in 2014/15 as opposed to the previous 4.8% in 2013/14 and economic growth rimarily driven by strong domestic demand for infrastructure development. However, the economy has witnessed some instability and volatility arising from some factors: the staging of a national election, a slowing and volatile global economy, and the subsequent declining commodity prices resulting from slower growth in two giant economies, China and Brazil (Sebudde, 2016). He further argues that the economy produced by the loss of value of a shilling, reaching very high depreciation rates of about 40% by September 2015 together with inflation of 8.5%. The Bank of Uganda responded by pursuing a tighter monetary policy stance, that succeeded in withdrawing

money from circulation, signaling a stricter monetary policy (Sebudde, 2016). Economy witnessed an increase in the price of treasury bills, therefore, constraining the government borrowing and spending on its planned investments while the cost of borrowing from banks rose for the private sector. The 91-day and 182 days Treasury bill rates respectively increased to 19.5% and 22.8% in December 2015 compared to December 2014 (KCB, 2016). The Uganda shilling also depreciated 21.8% against the US Dollar from an average rate of UShs 2,773.1 in December 2014 to UShs. 3,377.0; in December 2015. The depreciation of the shilling attributed to the global strengthening of the US Dollar as result of a tepid recovery in the US economy and substantial current account deficit (KCB, 2016).

The regulatory framework in Uganda is witnessing a new landscape with the proposal of different legislative structures. The Financial Institutions Act (FIA) Act 2016 enacted by parliament in January 2016 provides for a legal framework for Islamic Banking, Banc assurance, and Agency Banking. Anti-Money Laundering Act 2015, amended the Anti-Money Laundering Act of 2013 provides for risk assessment, protection of the identity of persons and provision of information on suspicious transactions. The act provides powers for the enforcement of compliance, the establishment of the Uganda Anti-Money Laundering Committee and related matters. The regulatory framework in Uganda has also introduced Financial Consumer Protection Guidelines 2015 seeking to ensure transparency and disclosure by banks to customers including Key Facts Documents that providing product charges, terms, and conditions. Bank of Uganda issued a memo in 2016 on primary data centers' and disaster recovery sites that require all supervised financial institutions to have in-country primary data centers' and disaster recovery sites by 2016 (KCB, 2016).

4.3.1.3 Rwanda

In Rwanda, the Services sector has continued to play a significant role in the countries growth of 7.1% driven by a 10% financial services growth, industry standing at above 8% mainly driven by increased manufacturing capacity in cement. The study further established that increased investment in energy production and distribution (KCB, 2015), inflation was 7.4% from 2.7% in December 2014. An accommodative monetary policy played a significant increase in credit to the private sector from 13% to 25% in 2015. However, the strengthening of the dollar against Rwandan Francs led to the depreciation of the

Rwandan Francs by 7.1%. Liquidity in the banking sector has remained robust signified by increase 9.1% of liquid assets as interest rates remained relatively stable with the 91 day T/Bill rates increasing from 4.57% at the beginning of the year to 5.56% towards the end of the year (KCB, 2015).

The regulatory framework in Rwanda witnessed the introduction of Law No. 31/2015 that establishes a Deposit Guarantee Fund. The law makes it mandatory for all the deposit-taking institutions to pay a premium, calculated as a percentage of their deposits, to the Fund. The requirement is meant to increase confidence and security among depositors but has implications of increasing the cost of business by the deposit-taking institutions. Bank of Rwanda also issued a new Regulation No. 06/2015 relating to bouncing cheques and providing substantial penalties and sanctions to cheque defaulters and obligates banks to report all bouncing checks to the National Bank of Rwanda and the Credit Reference Bureau (KCB, 2016).

4.3.1.4 Burundi

Burundi's economy has experienced pressure as a result of the political crisis that engulfed the country resulting in poor economic performance, therefore, affecting the banking sector. The World Bank indicates that Burundi's economic growth contracted by 2.3% in 2015 compared to a GDP growth of 4.8% in 2014, coupled with an increase in inflation from 3.5% to 7.1% as a result of an increase in consumer goods. The treasury bills rates have doubled in the middle of 2014 before finally declining. However, the lending rates remained at around 16.25 in 2015. The Burundi Franc depreciated against major currencies with the official rate closing at BIF 1,617 against the dollar from BIF 1,554 in 2014 (KCB, 2015). Burundi also changed its currency notes in 2015 by issuing new bills providing for a different look to replace the old currency.

The Bank of Burundi, the countries regulator, has continued with reforms targeting harmonization of policies with the East African Community members. One of the significant changes by the Bank of Burundi was the introduction of an online reporting system together with training of commercial bank staff on the application of the prudential guidelines introduced in 2014. The regulatory framework has not significantly changed in Burundi. As a result unrest in the capital city which started in April 2015, following an extended electoral period (KCB, 2016). The much-anticipated regulations like the Banking Bill and the law

for Credit Reference Bureau are still awaiting debate in Parliament. However, the significant innovation was the introduction of an online reporting system together with training of commercial bank staff on the application of the prudential guidelines introduced in 2014. Additionally, the National Treasury issued a directive limiting withdrawals from foreign currency accounts, therefore, leading to a decrease in deposits in foreign currency accounts and increasing activity in the black market (KCB, 2016). The Banque de la Republique de Burundi (BRB) also established a new permanent commission including, members from the local Bankers Association under the Association des Establissements Financiers du Burundi (ABEF).

4.3.2 An assessment of the lived experiences of the Kenya Commercial Bank employee on applicability of the quantitatively derived framework

This section sets out to validate the frame and make an evaluation of the lived experiences of the subsidiary managers on regulatory and socio-cultural environments. Validation of the derived framework involved member checking to establish what existed in the employee's minds regarding their views on the derived cross-border context and whether or not they perceived it as a reasonable reflection of reality in the Kenya Commercial Bank (Strauss & Corbin, 1998). To validate the framework semi-structured and unstructured interviews were conducted understanding critical aspects highlighted in the frame. An assessment of framework was undertaken by examining lived experiences of the Kenya Commercial Bank employees regarding the applicability of the quantitatively derived framework. The interviews also sought to provide a thick description of the quantitative structure derived. The aspects which examined the framework were standardization and differentiation, planning, policies, procedures, standards, management strategies, marketing strategies, global versus local dynamics, global versus local appeal, bargaining power of the subsidiaries, knowledge sharing, research and development and specialised services in the affiliate.

4.3.2.1 Experience of Kenya commercial Bank employees: standardization and differentiation of products and services

The quantitative framework postulated that for competitiveness Kenya Commercial bank has to provide an appropriate mix of uniformity under the global strategy and differentiation under the multi-domestic strategy. Standardization and differentiation are critical in the development of a competitive plan. Kenya commercial bank undertook both standardization and differentiation of products offered across the different subsidiaries. Kenya commercial bank strategy used a well-thought mixture of flexibility and rigidity where the bank has integrated services. This strategy has enabled the Kenya commercial bank to capture unique aspects of the different countries regarding policies and cultures together with the common elements that are critical for all the customers in the East African region. Flexibility in comparison to other cross-border banks by use of a seamless system provides the bank with leverage. The process facilitated by the establishment of boards of directors at the headquarters and subsidiaries. KCB has 12 board directors' members in each branch responsible for policy direction of the subsidiary strategy before integration of the strategy at the base in home country Kenya. The organs have facilitated the process of differentiation and integration of the different aspects of the plan before final adaptation to the various subsidiaries.

One of the employees interviewed argued that "*despite an attempt by the management to differentiate the products and services but the bank continuously standardizes the products*. Beck et al. (2014) argue that standardization and centralization are the most appropriate for cross-border banks seeking to serve large home corporate clients developing their business abroad. One of the employees argued that standardization and integration are critical for competitiveness. Another employee argued that *"technology has facilitated the process the effective integration enabling customers from the different subsidiaries to obtain services across East Africa. The seamless platform has provided KCB with an edge over the other banks offering cross-border banking as the customers can freely access the banking services in a different location without hindrance. Quality service provided by the bank has propelled the bank in East African region as a leading bank".* Most of the respondents appreciate the process of standardization as opposed to differentiation of being responsible for competitiveness. This opinion supported by one of the respondents who also said that *"the use of the same seamless integrated technology has enabled KCB to provide all the customers across different branches services especially the customers that move across borders."*

One of the managers in the headquarters argued that the process of standardization reduces the overall bank costs across the subsidiaries. Fiechter *et al.,* (2011) explains that the global strategy utilizes a more integrated banking framework which relies on branches or subsidiaries linked to the parent bank implies that funding, asset allocation, and risk management are centralised to maximize returns at the consolidated level.

However, a section of the respondents argued that differentiation is critical for competitiveness as a result of different business environments across the subsidiaries. On the contrary, an employee in Uganda claimed that *"despite operating in the East African Community Kenya Commercial bank still finds its self-operating different unique political and socio-cultural environments.* It's critical therefore for the bank to find an appropriate balance between standardization and differentiation to capture the benefits that come with differentiation and integration. Subsidiary policy formulation by the board of directors facilitates distinction in the different countries. Whereas integration in the headquarters, but differentiation undertook in the sub-units immensely promotes competitiveness.

The process of cross-border banking has to put in place mechanisms for mixing both integration and differentiation in the different subsidiaries to gain competitive advantage. An appropriate framework, therefore, has to provide both integration and differentiation.

4.3.2.2 Experience of Kenya commercial Bank employees regarding planning used by the bank across the subsidiaries

The quantitative framework postulated for Kenya commercial bank to be competitive there has to be strategic planning that incorporates both subsidiary and headquarters. The transnational strategy involves mixing both multi-domestic perspectives of the use of different countries strategies and the headoffices. The structure employed in the process of management required hybrid structures for the bank to gain competitiveness.KCB undertakes strategic planning through the involvement of the different of both headquarters and subsidiary managers. The strategic plan provides mechanisms for mixing aspects of domestic and subsidiary markets enhancing flexibility and rigidity where the bank has integrated services. This strategy has enabled Kenya commercial bank to capture unique aspects of the different countries regarding policies and cultures

together with the common elements that are critical for all the customers in the East African region. The process of development of the strategy by KCB started with the support from the headquarters. One of the subsidiary managers during the interview highlighted that *"KCB started through mainly support from the headquarters as the funding for most of the activities used at the headquarters, but the strategy has dramatically changed to collaboration between the headquarters and subsidiary. The headquarters used to fund the bank operations despite failure but the movement of performing assets has been streamlined justifying the relevance to the business"*.

However, the bank now adopted a more flexible regime of planning where the planning process is a negotiated settlement between the subsidiaries and headquarters. The process facilitated by the establishment of boards of directors at the base and branches. To develop appropriate strategies to efficiently manage competition across subsidiaries Kenya commercial Bank has established a board of directors consisting of 12 members to appropriately manage competition across the different subsidiary branches. Another subsidiary manager from another country while illustrating the process of strategy formulation said that *"headquarters set targets to be achieved by the different subsidiaries share between the bank operations and the shareholders. The strategy in the beginning involved provision of funds to the subsidiaries despite making loses it was more of global strategy, but the bank has moved on to a collaborative arrangement between the subsidiaries and headquarters where targets are set together with the subsidiaries and the parties work towards the achievement of the targets."*

The different entities are responsible for the development of an appropriate strategy for competitiveness in each subsidiary. The multi-domestic strategy uses a highly decentralised framework as the affiliates operate as independent entities from the parent, but they lend and trade using the capital base of the parent and work under the jurisdiction of the home country (D'Hulster & Ötker-Robe, 2014); its characterized by a high degree of autonomy for the subsidiary and decentralised decision-making (Birnik, 2007). The multi-domestic strategy involves careful crafting of different unique approach for the various affiliates to address individual aspects of subsidiary countries (Diaconu, 2011); takes on very different characteristics depending on production scale economies and transportation costs (Lessard, 2003). However, an overall management board based in the headquarters to effectively provides overall direction of the bank and coordinates operations of Kenya commercial banking group.

Banks engaged in cross-border banking have to provide a mechanism for planning that incorporates the subsidiary and headquarters views in the process of multinational business. This mechanism must ensure capture of unique views of value addition views in the process of cross-border banking capturing critical elements to enhance efficiency, risk management, learning and innovation. Adequate participatory planning for both headquarters and subsidiaries complimentary in nature provide a cross-border bank with adequate mechanisms for competitiveness.

4.3.2.3 Experience of Kenya commercial Bank employees regarding the policies and procedures used across subsidiaries

An appropriate framework for competitiveness for Kenya Commercial bank provides for the use of policies and procedures that are developed collaboratively between the headquarters and affiliates. An applicable plan needs to have the insight of both the local and headoffice management. Kenya commercial bank undertakes the development of cross-border strategies by use of the board of directors that situated in each of the subsidiaries, but the decisions are subject to approval by the board in the headquarters. Governance structure established brings about a negotiated process in decision making as the insights of the subsidiary are incorporated into the main strategies employed by the different subsidiaries. One of the subsidiary managers opined that "*policies in the subsidiary developed by the directors. She said that this had improved operations of the bank as opposed to the previous situation where decision making undertaken at the headquarters. The strategies used to reflect on the views of home country managers with little understanding of the subsidiary business environment*". Policies fostering more integrated banking frameworks could, for example, include reducing the complexity and length of the licensing process; reducing initial capital requirements for bank subsidiaries (with provisions designed to grow in line with the foreign bank's business engagement and risk exposures. Reducing or doing away with needs to establish new branches where these exist (leaving, for example, decisions about the structure and security of bank premises to the banks); encouraging full mobility in the use of labour (skills transfer). Promoting the use of centralised, common IT platforms for both internal operations and provision of client services (such as ATMs, card services, and internet banking); and allowing the establishment of centralised

audit and risk management system(Beck *et al.,* 2014). Birnik (2007) also argues that a global strategy views competitive advantage as being based on capturing global scale economies through the integration of the activities of the business and focusing on customer demands that are standard across markets.

The process of decentralised policy formulation is critical for the development of more subsidiary customised products and services. Kenya commercial bank in the process of pursuing cross-border banking establishes standard policies in the headquarters, but also strategies are developed in the subsidiaries. The method of policy development mandated to the subsidiary directors set across the different affilliates. Despite the establishment of the subsidiary boards for decision making but the headquarters has the final say on the policies. The multi-domestic strategy is suitable for African countries with shallow financial markets with the simultaneous presence of four adverse characteristics of African economies and societies (Honohan & Beck, 2007; Beck & Cull, 2013).

For Kenya Commercial Bank to be competitive, the bank has to develop policies and procedure which aligned with both subsidiary and headquarters environments. These provide the bank with an appropriate mix of integrating similar perspectives across subsidiaries and exploit different unique characteristics in the affilliates. A suitable framework, therefore, has to provide a proper blend of the two dimensions.

4.3.2.4 Experience of Kenya commercial Bank employees regarding marketing strategies for competitiveness

The quantitatively derived framework articulates that cross-border marketing must provide an appropriate marketing mixing strategy of standardization and differentiation. Marketing strategies adopted by the multinational entity determines competitiveness in the cross-border bank. Employees in Kenya commercial bank believe that the bank mainly uses standard marketing strategies. One of the employees argued competitiveness enhanced by the use of different marketing strategies across the subsidiaries. He opined that “different subsidiaries are in different levels of economic growth with different cultural orientation, and social norms. Marketing requires the process of capturing of customer appeal should be significantly different. One of the managers for the Ugandan subsidiary argued that “*Cross-border banking success doesn’t come on a silver plate. The company to sufficiently equipped with knowledge and*

understanding of the market conditions in the subsidiary countries. It requires a detailed understanding of market conditions; economic, political, socio-cultural and technological factors. The company is critical to success as the environment is always dynamic". The process of assessment and understanding market conditions has to be continuous due to ever-changing market conditions.

It's imperative therefore for the bank to completely different marketing strategies to capture the needs and desires of the customers. An employee said that *"the Ugandan marketing strategy targets a specific community with specific needs and requirements. The target marketing for cheap deposits and waivers like an advantage customer, but Uganda had to waive an advantage customer as a means of attracting more customers. The scenario was different from other subsidiaries which charge advantage customers. This strategy was arrived at by the board of Directors of Uganda together with the management and staff in Uganda subsidiary in the interest of boosting the bank's competitiveness in Uganda"*. The strategy was framework about the general bank strategy in collaboration with the subsidiary. A transnational approach which understands mainstreams the proposal at the headquarters and branches. This method is different from the headquarters strategy which involves the use of more resources. The Ugandan marketing uses explicitly limited resources for marketing as opposed to the Kenyan counterparts with more resources.

The subsidiaries in the multi-domestic strategy are self-sufficient, implying there are more stand-alone value chains in the different countries (Child, 2005). The strategy employed by the banks can take multi-domestic (typically autonomous subsidiary structure) are independent entities, operating nationally with effective firewalls between other parts of the group (D'Hulster & Ötker-Robe, 2014).
For Kenya Commercial Bank to be competitive, the bank has to use marketing mix that standardizes as well as using the different aspects of the various markets. The bank has to develop standard marketing adverts that capture the entire markets of operations as well as unique marketing attributes in the multiple markets. The process facilitates risk management, learning, and innovation. Appropriate mixing of marketing attributes automatically enhances competitiveness. The transnational strategy appreciated as the most suitable strategy.

4.3.2.5 Experience of Kenya commercial Bank employees regarding management strategies for competitiveness

The cross-border strategy employed in the subsidiary is critical in the process of gaining competitiveness. There are two primary schools of thought that different management strategies across the subsidiaries to meet the unique conditions across various plans and similar management strategies.

One of the respondents argued that "*KCB has to develop different management strategies to gain competitiveness in the different markets*." Twarowska and Kakol (2013) demonstrated that a multi-domestic strategy leads to a wide variety of business strategies, and a high level of adaptation to the local business environment. Management uses different management approaches in line with the socio-cultural dynamics in separate subsidiaries. Luo and Shenkar (2006) argue that this is critical for a multi-national competitiveness in the different market segments as the strategy does not encourage misalignments between environmental elements so an independent firm's strategy may create barriers to operations, thus hindering effectiveness (Cui, Griffith & Cavusgil, 2005). The approach offers local responsiveness, as the units are relatively independent and operate with limited involvement by the parent company at the headquarters (Birnik, 2007).

The qualitative part of the study established that establishment of independent human resource management in subsidiaries is critical in enhancing competitiveness. One of the subsidiary managers highlighted that "*the major challenge currently with our bank is limited autonomy in human resource management. The process of recruitment involves the headquarters managers that have interest in the recruitment process. Independent Human Resource management leads us to recruit staff with a headquarters orientation.*" Despite having independent recruitment organs in the subsidiaries but the process is still affected by involvement by headquarters staff. Multi-domestic strategy treats competition in each country on a 'stand-alone basis,' while a global strategy takes 'an integrated approach' across different countries (Yip, 2002); it's about decentralization of value-adding process as a means of responding to local tastes to facilitate competition (Birnik, 2007).

The study established that a hybrid management structure embraces both localization and internationalization is more desirable for competitiveness. The

management strategies adopted in the subsidiaries have to use different perspectives in the separate affiliates and common aspects to encourage integration. The approach has to undertake both centralization and decentralization. Hybrid organisation structure is more appropriate for the competitiveness of the Bank as opposed to global and multi-domestic strategy.

Hybrid structures enable the cross-border bank to leverage the unique benefits as a result of localization therefore local appeal but also capture the benefits of standardized products therefore efficiency. Structures are ideal for competitiveness flexibility accorded for by different unique structures but rigidity affords rigidities.

4.3.2.6 Experience of Kenya commercial Bank employees regarding global and local dynamics

The cross-border strategy adopted has to understand the influence of global dynamics on cross-border banking. The quantitative part of the study highlights that competitiveness in cross-border trading enhanced by responding to global dynamics as a means of capturing universal appeal. The process of providing banking services have the desire to meet the current global dynamics in banking and catching large bid to provide services to the worldwide audience.

One of the headquarters managers responsible for strategy argued that *"globalisation has become a critical factor all the business enterprises and dynamics in globe influence operations of actors in the different sectors. To keep up with the competition, Kenya Commercial Bank has to keep up with the global trends"*. The process of appropriately responding to emerging global dynamics and capturing universal appeal involves carefully crafting of a single strategy for the entire network of subsidiaries and partners, encompassing many countries simultaneously and leveraging synergies across many countries or organisational costs are high (Diaconu, 2012). The global strategy is driven by globalisation and emergence of technology and internet enabling global networking. This trend has captured the different business entities as this strategy has driven competitiveness. The global strategy enhances competitiveness by responding to global dynamics.

One of the regulators in Rwanda argued that *"banking in the new error has to focus on global aspects; the financial crisis in the USA brought a new insight to the regulators that regulatory mechanisms need collaboration with others. The*

process has opened new opportunities for international banks. Therefore, progressive banks can't ignore the global dynamics in the process of development of strategy and competitiveness." Globalisation has been one of the major drivers towards cross-border banking in a bid to respond to global dynamics and capturing of global appeal (Beck et al., 2014); African banks have also been caught up by the phenomenon which was previously with European banks. One of the respondents argued that *"globally successful banks have to understand and anticipate the future global dynamics as a result of the integration of the global financial systems. The global financial systems are continuously integrating inorder to respond to the changing global dynamics. Traditionally European Banks and American Banks were in a position to undertake cross-border banking, but now it has become a phenomenon for banks across different jurisdictions. Chinese Banks have aggressively established subsidiaries in different jurisdictions. African banks like UBA, Eco-Bank and Standard Bank (Stanbic Bank) has established branches across-Africa."* Competitiveness in the banking has to undertake with a proper understanding of the global trends. Managers have put aside the traditional way of doing as new global dynamics changed business and progressive management need to have a general mindset (Twarowska and Kakol, 2013).

For Kenya Commercial Bank to be competitive, the bank has to understand and anticipate the global dynamics continuously. Knowledge provides the bank with insight into the typical global dynamics which is critical for the development of an appropriate cross-border strategy. The bank is in position to gain local, regional and international appeal. Foreign banks operating in the subsidiaries use strategies, approaches, methods, systems, and technology from different jurisdictions. To be more competitive, understanding of global dynamics in the industry provides a manager with relevant insight for competitiveness.

4.3.2.7 Experience of Kenya commercial Bank employees on bargaining between subsidiaries and headquarters

The relationship between the parent and subsidiaries is critical in the process of development of an appropriate strategy for competitiveness. The quantitative part of the study argued that competitiveness is enhanced when the affiliates have a bargaining power in the process of negotiation of different aspects of strategy. Collaboration enables the multinational to have an appropriate mix of the multi-domestic and global strategy. The method of development of policy and direction

undertaken in the subsidiary are critical for the strategy and competitiveness in cross-border banking. Zander (2004) argues that intra-unit, integration to jointly exploit existing knowledge or explore new experience is crucial for competitiveness. It's vital for global learning and understanding sharing within an integrated structure (Luo and Shenkar, 2006). Competitiveness can best is harnessed by headquarters and subsidiary carefully crafting of an appropriate strategy. One of the subsidiary managers provided insight on the processes used by Kenya Commercial Bank to come up with a proper approach by saying that *"the headquarters usually set for us targets that we must aim to achieve, this provides us with a benchmark on for subsidiary strategy formulation. However, subsidiary managers have to analyze the different factors driving competitiveness in the subsidiaries, therefore, a negotiation between the headquarters and branches. Headquarters managers have the vision for the overall banking group, but the subsidiary managers understand the contemporary issues in the subsidiary*.

The process of crafting a strategy that enhances efficiency, risk management, learning, and innovation needs a consultative process between the headquarters and subsidiaries. Luo and Shenkar (2006) argue that transnational strategy is a hybrid between the multi-domestic and global approach with the ability to achieve global efficiency and local responsiveness. The process of crafting this policy involves careful crafting of a single plan with differentiation and low-cost advantage; the value chain activities are coordinated simultaneously on both a global and country basis (Diaconu, 2011); its critical to developing a transnational organisational capability is the key factor that can help a firm adapt to the changes in a dynamic environment (Twarowska and Kakol, 2013).

For Kenya Commercial Bank to be competitive, the bank has to provide adequate mechanisms for bargaining in the process of development of strategies to execute in the subsidiaries. Negotiation in the process of development of plan facilitates critical analysis of the dynamics between the different affilliates and headquarters. This process is essential to creating structures which are similar and dissimilar across subsidiaries. The bargaining process is vital for thinking and rethinking of approaches, strategies, policies, and management of subsidiaries. Thinking and rethinking provide the basis for competitiveness.

4.3.2.8 Experience of Kenya commercial Bank employees regarding knowledge sharing between subsidiaries

A suitable framework developed during the quantitative part of the study advocates for knowledge sharing among the affiliates. The qualitative part of the study assessed the model involved developed in the quantitative research. The transnational strategy consists in crafting a plan bearing in mind the subsidiary and headquarters considerations. Most of the respondent who interviewed during the second phase of the study advocated for interaction between subsidiaries to establish a unique and more appropriate strategy for cross-border banking. The approach encourages communication between the affiliates as a means of improving competitiveness. The plan enhances the global learning process and knowledge sharing within an integrated structure **(**Luo and Shenkar, 2006).

One of the employees of Kenya commercial bank in Uganda subsidiary argued that *"the interaction between the subsidiaries of Kenya commercial bank has facilitated in the development of an appropriate strategy that enhances competitiveness. It encourages sharing of experiences and promotes collegial learning. Challenges encountered together with mechanisms that were used by the other subsidiary become a nugget for your subsidiary".* The process of interaction by subsidiaries is a critical part of the development of an appropriate strategy for the cross-border bank and provides insight to other affiliates regarding policy and success. Multinational depends more on information and communication systems for coordination (Ghoshal & Nohria, 2008); organisational structure and global market diversity confers more excellent coverage of intra-unit transfer of information and resources (Child, 2005; Birnik, 2007; Berry, 2015).

For Kenya Commercial Bank to be competitive, the bank has to encourage knowledge sharing between the subsidiaries. The process of knowledge sharing among the affiliates fosters learning of practice, exchange of experiences, improvement of practice, modeling of common strategy while appreciating differences. Knowledge sharing enables the bank to gain competitiveness through learning and innovation, risk management, and efficiency. These provide the bank with an appropriate mix of integrating similar perspectives across subsidiaries and exploit different unique characteristics in the subsidiary branches.

4.3.2.9 Experience of Kenya commercial Bank employees regarding research and development

The quantitative framework which argued that research and development at the headquarters and subsidiaries. The quantitative structure was validated using qualitative data which was collected and analysed. Research and development is a component which is responsible for creativity and innovation. R&D is a process which enterprises use for obtaining new knowledge for the creation of new technology, products, services, and systems to enhance competitiveness. The method of introduction of technology, products, services, and systems into the cross-border subsidiaries and headquarters use research and development is critical for the development of the strategy and competitiveness.

Most of the respondents interviewed during the qualitative phase of the study argued that research and development are critical in the event of an appropriate strategy. One of the subsidiary managers during the key informant interviews said that *"research and development in the process of undertaking cross-border banking. This process has facilitated the process of competition as the milestones right from the inception of the concept of cross-border banking by Kenya commercial bank in 1997 was by undertaking research and development. The head of strategy and marketing departments are responsible for research and development in KCB group. Research undertaken at the subsidiaries enables development of a strategy which is relevant to the strategies; informs headquarters about the dynamics in the subsidiaries and necessary adjustments to the entire corporate strategy"*.

The qualitative findings highlight that research and development facilitate the creation of distinct, unique characteristics as well as the integration of similar features to all the subsidiaries. A multinational strategy that emphasizes both individual subsidiary roles, and the headquarters undertakes the strategic task of coordination (Birnik, 2007; Buckley & Ghauri, 2015; Verbeke, 2013), transfer distinctive competencies within the network while heeding pressures for local responsiveness (Child, 2005). One of the employees argued that *"the bank has been in the position of developing an integrated platform enabling customers to access funds across the different subsidiaries and yet also provide different products like Mobi banking in Kenya to customers in Kenya and Zimba accounts in Uganda because of research and development. Research and development facilitated the process of integration and differentiation*.

For Kenya Commercial Bank to be competitive, the bank has to undertake research and development both at the headquarters and subsidiaries. A study conducted at the subsidiary level facilitates the development of unique strategies in the different branches while the headquarters research facilitates the development of integrating part of the crossss-border strategy. Research and development in the affilliates and headquarters promote the enhancement of efficiency, risk management, learning and innovation across the bank.

4.3.2.10 Experience of Kenya commercial Bank employees regarding subsidiaries undertaking specialised operations

The quantitative framework argument provided for cross-border banking undertaking specialised functions to service the different stakeholders. This framework was validated using the qualitative statements from transboundary managers and employees. The aspect of undertaking cross-border where separate subsidiaries conduct specialised services was assesseding qualitative data. Kenya Commercial bank doesn't encourage the use of specialised services in the affiliates. The strategy involves diverse utilisation strategies across subsidiaries. One of the employees highlighted that *"Kenya commercial bank strategy involves the development of subsidiaries by the country strategies and negotiation between the headquarters board of directors and subsidiary board of directors."*

However, the respondents argue that subsidiary development of specialised services in some subsidiaries would enhance competitiveness as the process allows development of a viable strategy critical for development. One subsidiary manager explained that *"the Ugandan market in small-scale business entities which are not as big as the Kenyan business entities and specialization in micro-finance strategy would facilitate competitiveness in Ugandan market."* Competitiveness in the different markets would entail undertaking specialised operations in the various market segments at the same providing understanding of the unique dynamics in the diverse market and yet contribute to the overall bank strategy. Camillo (2015) argues that use of a hybrid plan usually supports the transfer of distinctive competencies within the network while heeding pressures for local responsiveness. Development of distintcive competencies

subsidiaries fulfilling different roles as well as some affiliates playing strategic roles that global firms reserve for their headquarters (Birnik, 2007; Buckley and Ghauri, 2015; Verbeke, 2013).

For Kenya Commercial Bank to be competitive, the bank has to facilitate subsidiaries to undertake specialization. Specialization enables the affiliate to pilot some unique aspects that can be used by other sub-units to improve the banking process.

4.3.2.11 Experience of Kenya Commercial Bank employees on efficiency in cross-border banking

The Merriam dictionary defines efficiency usually regarded as being a position to do something without waste or doing things well, successfully, and without waste. Transnational companies attain greater efficiency through organisation, order, orderliness, planning, regulation, logical sequence, coherence, and productivity. Efficiency is a critical aspect of gaining competitive advantage. Cross-border banks, therefore, seek to improve the ability to attain competitive advantage.

Findings in the second phase of the study agreed with the conclusions of the first phase of the study. The respondents interviewed agreed the cross-border banking enhances efficiency. One of the subsidiary managers while answering the interview said *"the process of providing cross-border investment enables the bank to procure the same technology to serve the clients across the different jurisdictions. He said the method of using the same technique, personnel at the headquarters provides for efficiency*. Cross-border banking enables the bank to gain competitiveness regarding efficacy. Ghoshal (1987) notes that achievement of competence in current operations benefits from differences in factor costs, wages and costs of capital through the exploitation of potential economies of scale in each activity. MNEs take advantage of different patterns, endowments, cultures, institutional arrangements, demand patterns, economic policies and market structures by concentrating production in a limited number of locations to supply multiple markets (Dunning & Lundan, 2008). MNEs attain higher efficiency as they rely on sourcing from low labour cost countries and also enjoy high energy from the centralization of their operations (Chen & Cannice, 2006).

Cross-border banking enhances efficiency through the acquisition of cheaper resources. One headquarters manager argued that different jurisdictions provide for more affordable sources of inputs. One of the managers in branches in

Uganda explained that *"the costs of labor and rent in Uganda were cheaper as compared the other subsidiaries in the neighboring countries. Uganda provides the bank with an opportunity of saving costs in wages and rent. '*Cross-border banking provides a cross-border bank with opportunities for cheaper sources of inputs which are not afforded by the home market. Cross-country comparisons have shown that foreign bank entry is positively associated with efficiency and competition in host countries, as gauged by net interest margins, profitability and cost efficiency (Claessens, Demirgüç-Kunt, & Huizinga, 2000, 2001). The country-based studies Colombia and Argentina also confirm the positive impact of foreign bank entry on efficiency in local banking markets (Clarke *et al.,* 2000; Barajas *et al.,* 2000).

The study established that cross-border banking provides the bank with unique opportunities in different jurisdictions to enhance efficiency in wages, rent, and interest rates, responding to changing demand patterns, economic policies, taxation, market structures and strategy. It's imperative therefore for banks seeking to enhance efficiency in their operations to engage in cross-border transactions.

4.3.2.12 Experience of Kenya Commercial Bank employees on risk management in cross-border banking

Risk management involves risk identification, assessment, and prioritization in a coordinated together to maximize the realization of opportunities (Hubbard, 2009); the primary objective is to assure that uncertainty doesn't deflect business endeavor *(*Antunes & Gonzalez, 2015). Banking comes with the diversity of risks, and the strategies for mitigation and efficient management of risks is critical for the attainment of competitiveness.

Most of the respondents interviewed argued that cross-border banking enhances risk management because the different locations provide unique opportunities in other countries to offset the risks in the home market. Subsidiaries offer the cross-border bank to manage risks through diversification, addressing political risks, technology risks, social risks, strategy risks and compensation of low performance in the home market and other subsidiaries. One of the subsidiary managers argued that *"cross-border banking is critical in the process of diversification of risks. Different risks are prevalent in the home jurisdiction i.e.; political, economic, technological and cultural risks. The process of diversification*

is critical in ensuring that the risks faced in the home country and other subsidiaries compensated by operating other subsidiaries". Cross-border banking enables the bank to gain competitiveness regarding risk management. A key benefit of cross-border banking arises from its effects on risk diversification, for both financial institutions and local economies (Beck et al., 2014); by a domestic bank investing abroad, it becomes less exposed to domestic shocks. Lecraw (1994) who also argued that *"developing MNEs subject to political risks and volatility can reduce risk and protect some capital base via diversification by shifting assets abroad."* Cross-border ventures are beneficial as multi-national companies are in position by addressing risks through national differences (Krechel, 1981; Kobrin, 1982; Poynter, 1985; Lessard & Lightone, 1983; Srivivasulu, 1989; Herring, 1983, Ghoshal, 1987). However, the higher rates of return that a crew from cross-border banking against the higher risks associated with a foreign investment (Verbeke, 2013).

The study established that cross-border banking facilitates in the management of risks through diversification, addressing political risks, technology risks, socio-cultural risks, strategy risks and compensation of low performance in the home market and other subsidiaries. It's imperative therefore for banks seeking manage risks at home to undertake cross-border banking.

4.3.2.13 Experience of Kenya Commercial Bank employees on learning and innovation in cross-border banking

Learning and innovation have become a viable component for companies seeking competitive advantage. Knowledge and innovation enable organisations to facilitate change a critical aspect of competitiveness. The process of development of core competencies is acquired over time and across different geographical areas. Cross-border banking helps the bank to continuous improvement by learning across the various jurisdictions.

The personal interviews conducted highlighted that cross-border investment aids in the acquisition of knowledge, skills, technology with high levels of involvement in the innovation process through the contribution of regular incremental improvement ideas from a large proportion of the workforce. Subsidiaries provide the cross-border bank with the opportunity to acquire new concepts, systems, processes, methods, approaches, technology, and techniques which are critical for competitiveness. One of the subsidiary employees argued that *"the bank*

operating in the different jurisdictions provides the bank with the opportunity to acquire different techniques in the process of interacting with systems, ideas and process in other countries. The interaction between the managers in different subsidiaries has provided the different managers with the opportunity of learning the different techniques.' Cross-border banking provides the bank with an opportunity for learning and innovation. MNEs can generate ideas and acquire new knowledge through organizing across different locations. Strategic capability includes technological assets such as patents, trade secrets, propriety designs, product development, and process innovation (Shenkar and Luo, 2008: 104). MNCs have a unique position to access diverse sets of technical inputs across global operations generating change together with existing knowledge (Singh and Zhao, 2006).

One of the headquarter managers also argued that *"organizing across the border has enabled Kenya Commercial bank through the subsidiaries to tap into different systems, processes, technology, and knowledge. The emerging strategy of the bank has been through learning from the past and current experiences across the branches. Cross-border is critical to the advancement of learning and innovation providing a workshop for testing of new techniques of organizing and using the different success and failures."* Berry (2014) argues that international management literature provides mechanisms for exploitation and transfer knowledge more efficiently by internal expansion or external market mechanisms. He argues that a fundamental issue within the field of management concerns the generation, exploitation, and sharing of knowledge. Strategy for cross-border management of operations has to achieve a sustainable competitive advantage by exploiting, configuring and extending knowledge assets (Eisenhardt & Martin, 2000; Berry, 2014). MNCs have to generate competitive advantages that other firms have difficulty replicating, matching or surpassing (Martin & Salomon, 2003).

The qualitative study established that engagement in cross-border banking enables the bank to enhance learning and innovation. The cross-border bank operating in several jurisdictions has an opportunity of acquiring new ideas, systems, processes, methods, approaches, technology, and techniques which are critical for competitiveness. The bank seeking to improve competitive advantage has to engage in cross-border banking to enhance learning and innovation.

4.3.2.14 Evaluation of the influence of cross-border banking on competitiveness of Kenya Commercial Bank

Competitiveness is vital to company survival and growth as the company is in position to have leverage over its competitors. The targeted markets recognize the unique attributes which accrue from the products and results in brand loyalty the reason the customers prefer the products as opposed to the services of the competitors. Michael porter provides two methods leading towards acquisition of competitive advantage; differentiation or quality services and cost leadership. Differentiation involves the provision of unique, high-quality goods and services in comparison to the competitors while cost leadership consists of the rule of cheap products and services in comparison to competitors (Porter, 1985). Theory of competitive advantage highlights that competitive advantage by maximizing scale economies in products and services that garner premium prices (Stutz & Warf 2009). Qualitative findings are in agreement with quantitative results which opine that cross-border banking facilitates competitiveness.

The cross-border bank is in position to maximize both cost advantages and differentiation through efficiency, risk management, learning, and innovation. To gain competitiveness using cost leadership by the cross-border bank gaining access to cheaper sources of labor, rent, interest, demand patterns, economic policies, and taxation and market structures provided in the different markets across the subsidiaries. One of the managers argued that *"services across the different subsidiaries provide different opportunities like in Uganda and Tanzania market provides the bank with the opportunity for cheaper costs of labor and rent*. *Cheap products in different markets therefore are critical in the process of competition."* Acquisition of standard inputs facilitates cost leadership competitiveness by the bank. The country-based studies Colombia and Argentina also confirm the positive impact of foreign bank entry on efficiency in local banking markets (Clarke *et al.,* 2000; Barajas *et al.,* 2000).

Qualitative findings also established that cross-border bank is in position to maximize risk management by diversifying operations to address the different risks effectively. Global economy currently facing challenges requires opportunities that facilitate survival of banks in the dynamic world. One of the respondents argued *"the process of cross-border banking enables the bank to spread risks instead of the bank putting the eggs in one basket but organizing across the border helps the bank to escape from economic and political risks in*

Kenya and other territories. She said that the post-election violence in Kenya put the bank operations in much jeopardy. The current political instability in Burundi and Southern Sudan are compensated by the stability in Uganda, Rwanda, Tanzania, and Kenya." Risk management is critical to cost leadership and differentiation.

The Differentiation competitive strategy harnessed through learning and innovation. The respondents interviewed argued that Kenya Commercial Bank has been in a position to gain a competitive advantage by operating in different territories as the bank learns from operations in the various jurisdictions. One of the respondents argued that *"the bank has continuously learned from operations in the different jurisdictions. The bank technology using the seamless technology was a lesson learned from the continued desire by the customers across the different jurisdictions to have similar system integrating operations."* Different studies have confirmed the hypotheses that the drive towards cross-border banking with a higher degree of competition in host countries (Claessens & Laeven, 2004). Similarly, country-specific studies in Eastern and Central European region also highlight a favourable impact of foreign bank entry on competition in local markets (Kiralyi *et al.,* 2000 for Hungary; Nikiel & Opiela, 2002 for Poland).

The qualitative study established that engagement in cross-border banking enhances competitiveness. The cross-border bank operating in several jurisdictions has an opportunity to improve efficiency, risk management, learning, and innovation. The multinational bank seeking to strengthen competitive advantage has to engage in cross-border banking to enhance knowledge and innovation.

4.3.2.15 Moderation of strategy and competitiveness by political and socio-cultural environments

An appropriate framework for competitiveness according to the first phase of the study is moderated by political and socio-cultural contexts. Political and socio-cultural settings are responsible for the development of the strategy and competitiveness of Kenya Commercial Bank. The framework advocates for an appropriate understanding of the political and socio-cultural context in the process of competitiveness in cross-border banking.

Qualitative findings validated the framework developed during the quantitative phase of the study by highlighting that political and socio-cultural environment in the subsidiaries and home countries as being responsible for strategy and competitiveness. Kasembeli, (2009), the company seeking to embark on cross-border banking has assessed the firms' growth readiness and understand the market it intends to penetrate. Knowledge of the market conditions in the countries readiness; economic, political, socio-cultural and technological factors are critical for the choice of strategy and level of competitiveness (Mwadime, 2010). Knowledge of the market provides a company with an understanding of the regulatory and socio-cultural environment for effective competitiveness.

The company equipped with knowledge about the dynamics in the cross-border ventures. The process of anticipation and understanding the different factors is critical in the method of enhancing competitiveness in cross-border banking. One of the respondents interviewed argued that *"the strategies respond to the different policies and policy actions in a different jurisdiction. The regulators in the different jurisdictions have penalties and means of operations which have to be compiled by the bank, so the need for country-based strategy but also well integrated into the international banking strategy. Taxation policies in the different countries enable cross-border banks to obtain unique opportunities which are critical for attainment of competitive advantage."*

An appropriate strategy for competitiveness in cross-border banking has to understand the unique elements of the political and socio-cultural environment in the subsidiaries and headquarters. Political and socio-cultural environments support the process of development of an appropriate strategy for competitiveness in the cross-border bank.

4.3.3.0 Evaluation of the effect of the political environment on cross-border strategy and competitiveness by Kenya Commercial Bank

The second phase of the study assessed the moderating impact of political climate on the policy and competitiveness. Use of qualitative statements examined political environments. Qualitatively the study evaluated subsidiary and home country regulatory, monitoring and supervision, a collaboration between regulators, political stability, political system, political ideology, legislative history,

and judicial system. The quantitative study had systematically assessed the variables and established a model for competitiveness. Gooderham (2008) argues that MNEs have to deal with the political environment in both domestic and foreign countries. The primary emphasis was to understand the participant's point of view, interpretation and the rational approach, observations and measurements in natural settings, subjective and insider view and closeness to the data.

4.3.3.1 Evaluation of the effect of the regulatory frameworks of the subsidiary and home country of cross-border strategy and competitiveness

Regulatory framework constitutes requirements, restrictions, guidelines that are established by the central banks in different jurisdictions to maintain the integrity of the monetary system. The subsidiary and home regulators undertake the process of regulating the banking in the various jurisdictions. The quantitative part of the study provided insight that subsidiary and home regulatory frameworks are critical influence strategy and competitiveness. Most of the respondents interviewed argued that regulatory frameworks in the different jurisdictions are crucial in influencing the actions of banks in the various countries.

Subsidiary regulatory frameworks are critical for the development of a strategy in cross-border banking. One of the employees opined that "*the regulatory framework shapes the business environment which the bank operates in the policies adopted by the Bank of Rwanda has an impact on the strategies adopted by the bank. The current policy adopted by the bank of Rwanda making its mandatory for all deposit-taking institutions to pay premium has increased the cost of doing business."* Gooderham (2012) opines that undertaking cross-border trade without incorporating firms' responses to national policies and actions fails because government interventions are central to cross-border trade. Governance structures together with systems of the subsidiary countries influence the strategies employed by MNCs (Lundan, 2014). One of the subsidiary managers in one of the states submitted the regulatory mechanisms adopted are critical. In his argument said that "*the regulatory framework forms standards that all the players in the market have to use for playing. Failure to adhere to the regulations attracts penalties which are not good for business*." Getz (2006) highlights that political environment provides formal arrangements that determine the strategy.

MNEs fragmented along global, regional, national, and sub-national regulatory dimensions (Windsor, 2007). Bonardi, Hillman, and Keim (2005) argue that each regulatory arena becomes a political market where demand and supply depend on the prevailing regulatory in the jurisdiction. Deficient contractual framework curtails the ability of financial institutions to enforce contracts and therefore undermining the cross-border contribution to the economic system influencing competitiveness and strategy (Beck *et al.,* 2014).

Qualitative findings also highlight that home-based regulatory framework is critical in the determination of the political environment of headquarters. The process of development of strategy and competitiveness of the cross-border bank in the home country involve understanding the circumstances in the political environment in the home country. Shenkar and Luo (2008:184) argue that "*regulatory environment at home and abroad as critical for cross-border banking strategy and competitiveness."* Political environments provide contexts for competitiveness and the ground for the firm to follow**.** Governments are responsible for trade and investment policies, capital, and exchange controls and transfer pricing regulations (Diaconu, 2012). Home and host countries regulatory environments significantly contribute to greater certainty about predictability and consistency in implementation, a significant reduction in compliance costs across the region, and raising standards in more challenging environments and the emergence of international and global strategy. One of the employees interviewed argued that *"regulators in the different jurisdictions have different guidelines to be followed for successful competition. In the Republic of South Sudan, the regulator has conditions that the South Sudanese citizens can't are paid outside Sudan borders; the different jurisdictions also have different legal requirements for liquidity and cash ratios in the different countries. These strategies have different implications for strategy and competitiveness".* Frameworks in the home and host country influence the strategy and competitiveness of cross-border banking (Beck *et al.,* 2014). One of the subsidiary managers in one jurisdiction explained the process of shaping the strategy by arguing that "*the bank mainly survives through commissions and the bank avoids incurring losses by payment of penalties to regulators that have adverse consequences to the success, survival, and competitiveness of the bank. The penalties charged by regulators have negative implications on the bank success this shapes the strategy adopted by the bank as the employees are focused on meeting targets.*

The cross-border seeking to gain competitiveness has to understand the regulatory frameworks in both subsidiary and home country jurisdictions. The regulatory framework facilitates the process of developing an appropriate strategy mindful of regulatory frameworks in the different countries. Understanding of various contexts supports both strategy and competitiveness in the cross-border bank.

4.3.3.2 An assessment of the effect of the monitoring and supervision of the subsidiary and home country on cross-border strategy and competitiveness

The central banks undertake to monitor and surveillance of financial institutions in the different jurisdictions to ensure adherence to the regulatory frameworks in respective countries. Cross-border operating in the various subsidiaries will be faced with multiple regulators undertaking supervision. The regulator establishes standards and guidelines on the different aspects of financial prudence; core principles of effective banking supervision, rules on capital adequacy. Qualitative findings highlighted that monitoring and supervision undertaking by the subsidiary and home regulator influence the strategy adopted and competitiveness of the cross-border bank. Monitoring and supervision are critical in the execution of countries regulatory framework.

The process of ensuring that the players in the financial sector play by the rules and regulations stipulated critically determines the strategy adopted. One of the subsidiary managers argued that *"actions of the regulators determine the strategy and competitiveness of the bank. He argues the penalties and sanctions that come with monitoring and detrimental to the bank success, therefore pushing banks towards coming up with appropriate strategies which for success"*. He said that the penalties erode the profitability of the bank and this pushes the subsidiary and headquarters to take due care of the strategies. Host countries regulatory framework drives the cross-border banking strategy; exchange rates, level of trade for the home country (Goldberg & Saunders, 1980), regulations of in the host countries (Buch, 2003; Herrero & Pería, 2007), size of the bank, useful lending rate differentials, size of host banking market (Cho, 1986), size of the home country, level of home country FDI (Fisher and Molyneux, 1996), expected growth and degree of openness and diversification potential of host market, and efficiency of the subject bank (Focarelli & Pozzolo, 1999). The subsidiary regulators usually play a traditional role of protecting and safeguarding

their financial institutions and banking systems, taking into consideration the risks associated with the growth of cross-border activity in recent years (Beck *et al.,* 2014). Regulators are forced to put in place mechanisms for prudent management of monetary policy within the jurisdiction.

Qualitative data provides insight that home-based monitoring and supervision influence strategy and competitiveness. The regulatory framework together with supervision influence the approach adopted. The legal requirements in the home country regarding liquidity and other performance standards influence the strategy adopted in the headquarters. One of the headquarters respondents argued that *"the parent bank usually is influenced by the home regulator regarding a strategy adopted to undertake operations in the home country. However, the process at home can have a bearing on the strategies adopted in the subsidiaries. Mechanisms can free up capital for further investment in the subsidiaries. The practices learned in the home country, and the method of doing things usually are a template used in the subsidiaries."* The depth of the home country banking system expands business opportunities which enable banks to offer more innovative products to exploit profit opportunities locally rather than expand abroad fully *(*Focarelli & Pozzolo (2005). Schoenmaker and van Laecke (2007) argue that deeper banking systems provide banks with a steady income at home that enables them to finance cross-border operations and competitiveness. The regulators of the home will always work towards the establishment of home conditions which enhance banking growth at home and in foreign countries.

Monitoring and supervision in the subsidiary and home country influence the strategy and competitiveness in cross-border banking. However, subsidiary monitoring in the affiliate is more critical for cross-border competitiveness. Multinational bank undertaking cross-border banking has to be mindful of both subsidiary and home regulatory supervision in the process of development of the transnational strategy for competitiveness.

4.3.3.3 Analysis of the effect of the collaboration between the home and subsidiary regulators on cross-border strategy and competitiveness

The Basel Committee on Banking Supervision (BCBS) established in 1974 provided a forum for regular cooperation between regulators (Gattani, 2014). The Basel Committee provides a framework for collaboration develops standards and

guidelines for international rules on capital adequacy, core principles for effective banking supervision and concordat on cross-border banking supervision. The regulators released norms for regulation of the banking sectors using different standards; Basel 1-1988, Basel II-2004 and Basel 3-2010. The patterns established to provide a framework for collaboration between the subsidiary and home-based regulators. Basel III developed due to the failure of Basel II to adequately deal with the global financial crisis of 2008 (Gattani, 2014).

Collaboration between the home and subsidiary regulators; the process of monitoring and supervision has become critical especially after the financial crisis in the USA that affected economies in different countries. Beck et al., (2014) argue that cross-border banks that are driven by regional integration provide potential channels of risks associated with the combination of financial systems as a result of increased linkage between the banking systems and financial markets these allows transmission of shocks across borders. Regulatory authorities in a subsidiary and home countries, therefore, have to develop appropriate frameworks for management of risks from cross-border banking due to emerging trend of interwoven financial systems as a result of cross-border business. One of the regulators argued that *"the process of supervision of cross-border banks require collaboration as the home-based supervisors and subsidiary supervisors by the same bench-marks of a stable monetary policy in the home country. She highlighted that whereas the home-based supervisors are concerned about the challenges in home economies, but regional challenges can easily transfer to the subsidiaries or home country. The process of collaboration facilitates the development of appropriate mitigation mechanism in advance"*.

However, the cross-border banks and regulators need to provide adequate risk management and mitigation mechanisms (Beck et al., 2014). Management of risks as a result of cross-border banking calls for "a greater commitment and adherence to common rules of the game, as embodied in internationally accepted standards and practices, to foster greater confidence in the financial sectors on the continent" (Beck *et al.,* 2014). Collaboration facilitates the process of building appropriate networks for appropriately dealing with risks across the borders. One of the respondents argued that *"the current economic crisis in Uganda and the East African regulators have to put in place mechanisms for dealing with contagion. The failure of banks in Uganda like Crane bank calls for the regulators in the different jurisdictions to focus on critical supervision and monitoring and being mindful of spillover effects or contagion to the different subsidiaries."*

Home regulators in the process of regulating the bank in the home country influence the cross-border strategies subsidiaries. Beck *et al.,* (2014) argue regulatory authorities to provide a competitive regulatory environment. The regulatory environment is critical development appropriate platforms and formats for regular information interchange with data providing for i) primary quantitative and qualitative characteristics of cross-border banks ii) supervisory data about performance iii) regulatory frameworks with definitions underlying supervisory data and market intelligence. Regulatory harmonization is a vast undertaking, and care needs to be taken to focus convergence efforts on key concerns, especially in environments with severe capacity constraints (Beck *et al.,* 2014). They advocate for the upgrading of mechanisms by regulators by use of strategies like consolidated supervision of a bank's activities. Regulatory mechanisms have to use Memoranda of Understanding (MoU) between home and host supervisors; and Colleges of Supervisors (CoS) for individual cross-border financial institutions, are the basis for active cross-border regulatory cooperation.

For Kenya Commercial Bank to be competitive, the bank has to respond efficiently to the subsidiary and domestic home regulators. Collaboration facilitates the integration of the regulatory and supervisory responsibilities of the home and subsidiary regulators. The cross-border bank seeking to gain competitiveness has to understand the partnership between the subsidiary and headquarters appropriately to respond to the requirements adequately.

4.3.3.4 Examination of the influence of political stability on cross-border strategy and competitiveness

Political stability determines the integrity and the durability of a current government regime, measured by the amount of violence and other forms of instability in the nation. Subsidiary and home country political stability are critical in the determination of the atmosphere for banking. Political instability affects the level of economic activity in the jurisdictions.

Qualitative findings agree with quantitative results that cross-border strategy influences strategy and competitiveness in cross-border banking. Most of the respondents interviewed highlighted that the political stability is critical in determining the approach which is adopted by the bank. One of the managers in

the headquarters in his statement opined that *"the political instability in Kenya in 2007 greatly affected the operations within the country. He said that since the headquarters was the driver of most of the operations of the bank, it adversely affected the strategies and competitiveness of bank especially against those banks from other countries"*. The headquarters are critical in the process of coming up with appropriate strategies and coordination of operations of the subsidiaries. Political instability in the home country substantially affects the plan employed and competitiveness of the bank.

Subsidiary political stability is equally important in the development of strategy and competitiveness of the bank. One of the regulators interviewed highlighted that currently, two countries are experiencing political instability; Southern Sudan and Burundi. He said that *"political instability South Sudan led the bank to close branches and repatriation of the staff from the Country."* It's imperative to highlight that political instability in the subsidiary influences cross-border strategy and competitiveness. KCB (2016) highlighting the poor performance of the bank in Burundi. Burundi's economy has experienced pressure as a result of the political crisis that engulfed the country resulting in poor economic performance, therefore, affecting the banking sector (KCB, 2016). The World Bank indicates that Burundi's economic growth contracted by 2.3% in 2015 compared to a GDP growth of 4.8% in 2014, coupled with an increase in inflation from 3.5% to 7.1% as a result of an increase in consumer goods. The treasury bills rates have doubled in the middle of 2014 before finally declining.

Development of an appropriate strategy for competitiveness requires an assessment of the subsidiary and home country political stability. The bank has to continuously assess the political stability of the home and subsidiary for competitiveness in cross-border banking.

4.3.3.5 Evaluation of the influence of judicial systems of the subsidiary and home country on cross-border strategy and competitiveness

The legal system is the court system provided in the different jurisdictions for interpretation and application of laws in the various states. The system provides mechanisms for resolution of disputes in the multiple countries. The quantitative study undertaken in the first part of the study argued that the judicial system was not critical in the determination of cross-border strategy but qualitative research pointed out that legal system is essential in the decision of the policy and competitiveness in cross-border banking.

Most of the respondents interviewed during the second part of the study argued that judicial system in the subsidiary and home country are critical for strategy and competitiveness. The respondents argued that the legal system is vital in the litigation process in case of breach of contracts. One employee in Rwanda explained that *"the courts are the temples of justice lack of justice will automatically lead to failure in the banks."* The judicial system in the subsidiary and home country provide a backbone for justice to execute. CSU (2010) argues that a good court system sustains firms' expectation that their contractual rights would be honored in the face of contract breach, allowing them to commit necessary investments and to expand without worrying about contract reneging. Academic literature in law, economics, and finance emphasize the importance of effective contract enforcement to economic performance (Cooter & Ulen, 1988; La Porta *et al.,* 1996). The concept has become more critical especially with the emergence a notion that judicial systems in the different jurisdictions had different implications on the development of the credit market and economy. The findings are in agreement with Cristini *et al.,* (2001) in the study of Argentina established that "the country's federal structure places responsibility for enforcing these regulations in the hands of independent judiciaries. Local courts took a variety of approaches to enforcement, leading to regional differences in access to credit". The study further established that the judiciary imputed different costs across different jurisdictions bringing in place difficult mechanisms for resolution of conflicts. It's imperative to note that whereas the judicial system indirectly influences the development of the strategy and competitiveness in cross-border banking. Competitiveness is as a result of the divers' judicial systems imputing different costs to the penalties and strategy implementation.

Cross-border banking developing a multinational strategy has to assess the judicial system of the subsidiary and home country. The bank has to continuously ndertake an assessment of the judiciary of the home and affilliate for competitiveness in cross-border banking.

4.3.3.6 Analysing the influence of political ideology of the subsidiary and home country on cross-border strategy and competitiveness

Political ideology is an assortment of principles, ethical ideals, myths, doctrines, symbols of a social movement, class, institution, large group explaining how society should work and offer particular political blueprint for a specific social order (McClellan, 1986); rules of the game in the notion of institutional theory

used in understanding economic and political systems worldwide that is neither the rules nor the enforcement of those regulations is necessarily identical (North, 1991). The political ideology of the home and subsidiary countries a playing ground for the development of an apolitical system which is critical in the emergence of a strategy. A majority of the respondents interviewed during the qualitative part of the study argued that political ideology influences strategy, subsequently cross-border competitiveness. Academic literature demonstrates how formal and informal institutions affect outcomes (Kormendi and Meguire, 1985; Knack & Keefer, 1995; Kaufmann & Kraay, 2002; Zak & Knack, 2001; Beugelsdijk *et al.,* 2004) economic growth, (Anderson & Marcouiller, 2002; de Groot *et al.,* 2004) competitiveness.

The cross-country variation, therefore, brings into play the diverse institutional set up with different political dynamics as a result of political ideologies across the various jurisdictions. Political ideologies substantially result in the variation in institutions, governance structures leading in a variety of political and cultural environments in the multiple domains (La Porta *et al.,* 1997; Paldam, 2001; Knack & Zak, 2002). Quantitative finding highlighted that political ideology in the home country didn't influence the cross-border strategy and competitiveness. However, the qualitative results seemed to argue that political ideology is responsible for the emergence of the multinational policy and competitiveness. One of the respondents in his argument said that *"a look at the East African community may look the same, but the countries have different political ideologies that influence the business interactions in the East African countries. Tanzania tends to follow the Ujamma political ideology which emphasizes togetherness. Rwanda having emerged from the genocide has taken on strong stance towards respect of authority. The ideologies seem to shape the views of the citizens. The banks have to understand the political ideologies responsible for shaping institutions."* Political ideology is an underlying variable which shapes the political and socio-cultural environments in the different jurisdictions. Mullins (1972: 510) defines political ideology as "*a logically coherent system of symbols which, within a more or less sophisticated conception of history, links the cognitive and evaluative perception of one's social condition." The ideology prospects for the future to a program of collective action for the maintenance, alteration or transformation of society.*

Political ideologies of the subsidiary and home countries are critical in the determination of the political landscape which the cross-border banks. The scene in the different territories provides for the establishment of appropriate strategies

and competitiveness. Managers of cross-border banking have to understand political ideologies governing subsidiaries and headquarters appropriately.

4.3.3.7 An examination of the influence of the political systems in the subsidiary and home country on cross-border strategy and competitiveness

The political system provides for a coordinated set of laws, principles, ideas, and procedures about a form of government in a given country. The mechanism for coordination of a state in the different jurisdictions provides different political environments for the cross-border bank.

Most of the respondents at the headquarters and subsidiaries argued that the political systems are critical in the determination of the strategy and competitiveness. One of the head quarters managers claimed that; *"systems employed by the government either liberalization or centralization is critical in the decision of the bank to establish and the extent of intervention in a particular economy."* The political system consisting of the principles, laws, ideas, and procedures are critical in determining the decision of investors. The rule of law, for instance, is essential in determining the investors or the bank's decision on how to invest and the form of organisation to spend. The political system provides for institutions with formal and informal necessary fabric; the level of trust, social capital, and social network (Knack & Keefer 1997; North 1990; Shirley 2008; Zak & Knack 2001) facilitating transactions relationships. The political system provides a mechanism, such as government policies and behaviors related to the provision of infrastructure, tax burdens, and protection of property rights, labor, and entry regulations (World Bank, 2005).

One of the respondents from Uganda argued that *"the liberalisation of Ugandan economy triggered the emergence of cross-border banks like Kenya Commercial bank and United Bank of Africa and Stanbic Bank."* Li and Xu (2002) argue that deregulation was critical for the emergence of new players in the telecom industry. African economies in the 1980s in the process of experiencing economic crises as a result of both reduced domestic policies and external shocks liberalized their economies (Beck *et al.,* 2014). Many state-owned banks became insolvent due to political pressure to make unsustainable loans, but also because of lack of technical expertise and poor management (Brown bridge & Harvey, 1998).

However, different dynamics in different jurisdictions continued to shape the landscapes in various countries in some African countries especially Nigeria and Kenya the legislation for lower banking requirements enabled the local banks to gain competitiveness by returns in sectors like foreign exchange (Beck *et al.,* 2014). Specifically, in Kenya prudent management and strong market position of Kenya Commercial Bank, control by government, vibrant competition from the private, spurred innovation and, in the 2000s, provided a platform for cross-border expansion in East Africa (Brown Bridge & Harvey, 1998).

The political system, directly and indirectly, influences the strategy in cross-border banking as the players involved in cross-border investment usually play the rules of the game by the government of the day. Policies and regulations are a reflection of the political system as the system provides for the actors and the mechanisms that determine the tools of engagement. In order develop an appropriate strategy and gain competitiveness the cross-border bank has to systematically understand the political system in the different jurisdictions and come up with an approach that effectively exploits the unique attributes of the various political environments.

4.3.3.8 An assessment of the influence of political history of the subsidiary and home country on cross-border strategy and competitiveness

Political history involves an understanding of a history of political events or affairs; an analysis of past in political terms. Review of political history in the subsidiary and home country is significant in the contribution towards the political environment of a nation. The Political account in the current affiliates provides insight on similarities and differences in the colonial masters, colonisation process, way to independence, post independence politics, political parties, and post independence dynamics. An assessment of political party's internal weaknesses, organisational skills, political ideologies, levels of tolerance, structures, membership, the dependence of individuals, cliques, and the process of independence is critical in the development of the prevailing political environment. Quantitative findings highlighted that political history in the subsidiary and home countries doesn't influence strategy and competitiveness.

However, the qualitative findings provided a different picture as most of the respondents believed that the current political environments in East African countries are a reflection of the history of the various states. One of the political leaders interviewed during the study argued that *"the different East African*

Countries which Kenya commercial Bank is currently operating are a clear reflection of the political history of the countries. He said Tanzania was historically under communism and the people's political ideology is unison and Kenya which went valued capitalism has a cultural orientation of domineering in business and Uganda. He further argued that countries like Rwanda and Burundi which emerge from French legal system and of recent Rwanda going Anglophone have a mix of two cultural orientations". Political history ends up shaping the political climate of a nation. Political dynamics in the subsidiaries and home countries primarily reflect historical phenomenon. The process of understanding current political climates involves unearthing the political history of a nation.

Beck *et al.,* (2014) argue that "at the time of independence, most African countries had banking systems dominated by foreign-owned banks from outside African continent and British banks dominated in the British colonies, while French banks did so in the French and Portuguese banks in the Portuguese colonies." Foreign banks dorminated partly due to political reasons, and a predetermined outcome negotiated by banks to preserve their market share and avoid competition to extract rents (Austin & Ugochukwu Uche, 2007). Cross-border banking was shaped by regulatory frameworks favouring former colonial masters to continue doing business in the former colonies.

However, in Uganda and Ghana foreign banks maintained their presence unlike Nigeria, Kenya, and Malawi the foreign banks kept majority shares, but the importance of these banks decreased with the emergence of new state owned with local private banks (Brownbridge and Harvey (1998). Political history significantly shaped the concept and dynamics of cross-border banking in Africa.
The political history of the subsidiary and home countries shapes the dynamics of the new political environment. The subsidiary and home countries legislative history is critical in the shaping of the political landscape which the cross-border banks. The scenery in the different territories provides for the establishment of appropriate strategies and competitiveness. Managers of cross-border banking have to understand political ideologies governing subsidiaries and headquarters appropriately.

4.3.3.9 A Critical evaluation of the influence of economic integration cross-border strategy and competitiveness

The revival of East African Community in accordance to 1999 East African Treaty (EAT) putting in place mechanisms for the cross-border ban has been put in place to stimulate trade within and outside East Africa. The treaty provides tools for cooperation in trade liberalization and development (EAT, 1999). The various sections of the EAT outline ways for organisations to improve trade across borders; these include: the establishment of customs unions (75) and a standard market (76), addressing imbalances arising from customs unions (77), cooperation in investment and industrial development (Chapter 12), promotion of industrial linkages (79), harmonization of macro-economic policies especially exchange and interest rates and monetary and fiscal policies (82), removal of obstacles to free movement of goods and services and capital (82c), banking and capital market development (85), facilitation of movement of capital (86), joint project financing (87), harmonization of telecommunication services (99), and fostering cooperation in education and training (102).

Different respondents had varying opinions about the influence of East African community on cross-border banking. Despite the provisions of the treaty, the study established that the framework had not provided adequate mechanisms for the enhancement of cross-border business. One of the respondents argued that *"the treaty has good provisions that could accelerate the integration process a pre-requisite for integration but the competitiveness due to limited knowledge among the stakeholders."* Different actors in East Africa are undertaking the initiative on they own as the policies don't give adequate mechanisms for implementation. The respective governments seem to be having reservations while implementing the treaty. One of the respondents argued that *"the east African Community is taking time due to reservations among member countries. Tanzania has reservations on the integration process because of benefits accruing from SADC region. There seem to be selfish interests among the member countries, and therefore the dream is taking time."* However, companies that are undertaking cross-border ventures are primarily conducting it in a bid to ensure the dream becomes a reality. East African community policies are not a driving force towards competitiveness as the political leaders are trying to build integration of selfish interests. Collaboration within East African community

especially crime prevention and meetings in the region to facilitate discussions on reforms with the sector promote the integration efforts.

Integration provides mechanisms for the establishment of a shared political and socio-cultural environment. The process of creation of similar policies, procedures, political systems, economic systems and social systems in the East African Community aids in efficient cross-border banking.

However, the study established that limited efforts place for integration of the financial systems in the member countries. It's imperative for the member countries to expedite the process for the synthesis of the East African community. The combination of the East African community would enhance the competitiveness of the regional banks as opposed to other pan African and foreign banks.

4.3.4.0 Evaluation of the effect of the socio-cultural environment on cross-border strategy and competitiveness by Kenya Commercial Bank

The second phase of the study assessed the moderating impact of socio-cultural background on the policy and competitiveness. Use of qualitative statements examined different aspects of political environments. Qualitatively the study evaluated socio-cultural environments in the subsidiary and home countries. The quantitative research had systematically assessed the variables and established a model for competitiveness. Luo & Shenkar (2008) argued that a severe cross-border venture must not treat the socio-cultural environment as a subsidiary element.

The primary emphasis was to understand the employee's perception of the socio-cultural environment. Participant's point of view, interpretation, and the rational approach, observations, and measurements in natural settings, subjective and insider view and closeness to the data.

4.3.4.1 A critical analysis of the impact of the cultural norms on the subsidiary and home country of cross-border strategy and competitiveness

Kotter and Hesket (1992) defined "culture as shared values and norms that define appropriate attitudes and behaviors for organisational members." Culture is collective phenomena that embody people's responses (Trice and Beyer (1993:2). The subsidiary and home country cultural environment represent practices, beliefs, customs, and behaviors in the subsidiary and home countries respectively.

The qualitative study agrees with the quantitative findings which established that cultural environment in the subsidiaries and home country influences competitiveness. The respondents interviewed during the second phase of the study highlighted that the beliefs, values, customs, practices, and behaviours in the subsidiaries affect cross-border strategy and competitiveness. Respondents interviewed agreed the cross-border banking enhances efficiency. One of the subsidiary managers while answering the interview said *"the practice and behaviour is a product of beliefs and values. The cultural beliefs in the subsidiaries and headquarters shape the way people in the headquarters and subsidiaries develop the ideology and strategy. The process of developing a strategy used in the subsidiary involves interaction between the subsidiary and home country managers. It's imperative to note that strategy is a product of cultural environments in the different jurisdictions"*. Cross-border banking enables the bank to gain competitiveness regarding efficiency. Shenkar and Luo (2008: 180) note that culture is an essential force in international business; individuals and firms use their own culture as an anchor. Cultural aspects are significant in the determination of cross-border trade (Moran, Harris and Moran, 2011). The international nature of modern business means that individual and organisational success is no longer dependent solely on business acumen, but also on our ability to understand, communicate and work with people in different countries and cultures (Moran, Harris and Moran, 2011).

Qualitative findings also opine that subsidiary and home beliefs are critical determining competitiveness of the cross-border bank. Subsidiary beliefs, values, customs, practices, and behaviours are crucial in determining customers' tastes and preferences. One of the employees during the qualitative part of the study noted that *"culture in the subsidiary determines the tastes and preferences of the customers. He said the customers in Uganda have a belief in micro-credit and*

oriented towards small scale borrowing and not much interested in large credit. Culture has influenced the customers' tastes towards banking services. Determination of proper cultural orientation facilitates success in the organisation". Hryckiewicz and Kowalewski (2010) found out that cultural, legal and economic factors and geographical proximity crucial for cross-border competitiveness. Managers should never commit the error of treating culture as a residual variable (Shenkar and Luo, 2008: 157). Cultural environments in the subsidiaries are critical in the process of competition its paramount therefore management to understand the cultural orientations of the subsidiary to roll out products and services which are appropriate for the different markets. Home cultural environment determines the perceptions of the headquarters managers. The headquarters managers usually get tempted to replicate the successful strategies at home in the subsidiaries. One of the subsidiary managers said that *"the bank has also had challenges in the process of adapting to the local cultures. The bank introduced Mobi bank in Uganda because of the success of the product in the Kenyan market, but the product has not picked up so much in the subsidiaries. During our review meetings, this has perplexed the headquarters managers, but the major challenge is different cultural orientations in headquarters and subsidiaries. Different products are appreciated differently in different market segments because of the cultural environments*. Whereas cultural diversity is vital for building synergy, increase in productivity due to various talents, enhancement of creativity and innovation, and spread of the customer base and creation of new markets (Adrade, 2010); but Huang and Trauth (2007) note some challenges. Shenkar and Luo (2008: 168) argue "national, industrial, corporate, ethnic, ideological and individual cultural orientations shape the strategies in international business."

The study established that cultural norms influence the business environment in which the bank operates. Development of an appropriate strategy for competitiveness, therefore, requires an understanding of the cultural rules of the subsidiary and home country. It's imperative therefore for the cross-border bank to understand the unique elements in the different affilliates and home country during the process of development of a multinational strategy.

4.3.4.2 Evaluation of the influence of social norms of the subsidiary and home country on cross-border strategy and competitiveness

Social norms are informal understandings that govern the behavior of members of society (Marshall nd; Jackson, 1965). Social norms are collective representations of acceptable group conduct as well as individual perceptions of particular group conduct (Lapinski & Rimal, 2005), representing own basic knowledge of what others think (Sherif, 1936); therefore, constituting "mental representations of appropriate behavior" (Cialdini, 2003). Social norms are critical in the determination of acceptable behavior or tastes and preferences.

Qualitative findings in the study agree with the quantitative results which established that cultural environment in the subsidiaries and home country influences competitiveness. The respondents interviewed during the second phase of the survey opined that social norms in the sub unit and headquarters are critical in the determination of an appropriate strategy and competitiveness in cross-border banking. The view of most of the respondents was that the social norms in every society are critical towards the development of the plan. One of the employees argued that *"social norms in every society become a template used by the members to determine preferences and actions taken by members. Social beliefs in the subsidiaries and headquarters determine the preferences and choices of headquarters and subsidiary managers respectively. The strategy represents preferences and choices of the subsidiary and headquarters managers. The selected strategy is a reflection of the social norms of headquarters and subsidiaries"*. The qualitative findings highlight that social norms are critical in the determination of the strategy adopted in the cross-border banking. Economic environment which is a product of social norms in the host countries drives the multinational banking strategy; exchange rates, level of trade for the home country (Goldberg and Saunders, 1980), the cost of information (de Paula and Alves Jr., 2007), population structure, levels of domestic deposits, and per capita income (Goldberg and Johnson, 1990), size of the bank, useful lending rate differentials, size of host banking market (Cho, 1986), size of the home country, level of home country FDI (Fisher and Molyneux, 1996), expected growth and degree of openness and diversification potential of host market, and efficiency of the subject bank (Focarelli and Pozzolo, 1999).

One of the respondents during the interview argued that *"The different levels of the economies provide different dynamics it's effortless for Kenyan business man to do business in Uganda, but it's difficult for a Ugandan business to undertake*

business in Kenya. The Ugandan customers lose a lot of funds regarding foreign exchange, and this puts the Ugandan customers at a disadvantage as opposed to the Kenyan counterparts". Different subsidiaries with different socio norms operate in accordance to social psychology with holding and giving more resources to members in response to members' adherence to group norms, efficiently controlling member behavior through rewards and operant conditioning (Hackman, 1992). Social norms allow individual members to assess what practices the group deems essential to its existence or survival. The patterns represent a codification of belief; teams do not punish members or create norms over actions which they care little about (Hackman, 1992); therefore creating uniformity among the members socialised in a particular tradition (Jackson, 1995).

The inquiry established that social norms influence the business environment in which the bank operates. Development of an appropriate strategy for competitiveness, therefore, requires an understanding of the social patterns of the subsidiary and home country. It's imperative therefore for the cross-border bank to understand the unique elements in the different branches and home country during the process of development of a multinational strategy.

4.3.4.3 Impact of the demographic patterns in the subsidiary on cross-border strategy and competitiveness

Demographic characteristics in the affilliates embodied by population size and population structure are critical in the determination of a transnational policy and competitiveness. The different jurisdictions have divers' population size, and countries with high population are ideal for adaptation of a more flexible cross-border strategy. Whereas the demographic characteristics didn't feature as a critical aspect for the socio-cultural environment, but qualitative part of the study highlighted that demographic characteristics and structure in the subsidiary influence the choice of strategy and competitiveness in cross-border banking. The respondents interviewed during the second phase of the study highlighted that the demography is critical in the determination of tastes and preferences of customers in cross-border banking. One of the subsidiary managers while answering the interview said *"population structures in the different countries form a basis for the development of banking products which are appreciated by different clients. He argued that most of the populations in East African countries are young people who are inspired by technology. Technology has justified the*

drive towards mobile money banking platforms. Technology eventually transforms towards competitiveness in cross-border banking. It's imperative to note that strategy is a product of social structures in the different countries and it's upon proper anticipation facilitating competitiveness".

A proper understanding of the different dynamics in the emerging economies is fundamental in undertaking cross-border banking. Managers in cross-border business, therefore, have to continuously be equipped with knowledge on the changing population structures together with the likely changing tastes and preferences. Socio-cultural aspects are significant in the determination of cross-border trade (Moran, Harris & Moran, 2011). The Multi-domestic strategy will be adopted by the banks as the banks are seeking to exploit unique opportunities the growth sectors of the different economies (Beck *et al.,* 2014). The strategy is suitable for African countries with shallow financial markets with the simultaneous presence of four adverse characteristics of African economies and societies (Honohan & Beck, 2007; Beck & Cull, 2013).The international nature of modern business means that individual and organisational success is no longer dependent solely on business acumen, but also on our ability to understand, communicate and work with people in different countries and cultures (Moran, Harris & Moran, 2011).

Qualitative findings also opine that population structure is a boiling pot in which the cultural and social beliefs which determine the most appropriate strategy for cross-border banking. Subsidiary beliefs, values, customs, practices, and behaviours are critical in determining customers' tastes and preferences. These are a product of the population structure in the different countries. One of the employees noted that *"culture in the subsidiary determines the tastes and preferences of the customers.* Hryckiewicz and Kowalewski (2010) found out that cultural, legal and economic factors and geographical proximity crucial for cross-border competitiveness.

The population structures and sizes also provide the cross-border venture with diver's challenges and opportunities which form a springboard for competitiveness. Foreign market entry strategies differ in degree of risk they present, the control and commitment of resources they require, and the return on investment they promise (Child, 2005). The strategy uses the internal strength of research and development (Merdzanovska, 2015); therefore, dominant ideology is taking advantage of superior home attributes. Favourable conditions for business development in the international market, appearing as a result of these

processes, create conditions for economies of scale, which would be impossible due to the limited size of the internal market (Sabonienė, 2009). Shenkar and Luo (2008: 168) argue "national, industrial, corporate, ethnic, ideological and individual cultural orientations shape the strategies in international business."

The study established that population patterns provide the impetus for both strategy and competitiveness. Development of an appropriate plan for competitiveness, therefore, requires an understanding of the different population patterns and sizes the subsidiary and home country. It's imperative therefore for the cross-border bank to understand the unique elements in the various branches and home country during the process of development of a multinational strategy. Economic environment in the host countries drives the transnational banking strategy; exchange rates, level of trade for the home country (Goldberg and Saunders, 1980), regulations of in the host countries (Buch, 2003; Herrero and Pería, 2007), the cost of information (de Paula and Alves Jr., 2007), population structure, levels of domestic deposits, and per capita income (Goldberg and Johnson, 1990), size of the bank, efficient lending rate differentials, size of host banking market (Cho, 1986), size of the home country, level of home country FDI (Fisher and Molyneux, 1996), expected growth and degree of openness and diversification potential of host market, and efficiency of the subject bank (Focarelli and Pozzolo, 1999).

4.3.4.4 A critical analysis of the impact of the managerial philosophy and mindset in the subsidiary on cross-border strategy and competitiveness

Culture is a collective programming of the human mind (Hofstede, 2001) and significantly influences the strategies employed by organisations. Shenkar and Luo (2008: 180) note that culture is an essential force in international business; individuals and firms use their own culture as an anchor. Cultural aspects are significant in the determination of cross-border trade (Moran, Harris and Moran, 2011).

The qualitative part of the study established that the investigation confirmed that the managerial philosophy and mindset in the subsidiary on cross-border strategy and competitiveness. The process of establishment of the plan is a primary role of managers in conjunction with the boards. Most of the respondents interviewed argued that approach used in the subsidiary is a reflection of the mindset and philosophy of top managers in the headquarters and affilliates. The

strategy pursued at the affiliates is dependent on managerial mindset towards a response to the local dynamics. The respondents interviewed during the second phase of the study highlighted that the demography is critical in the determination of tastes and preferences of customers in cross-border banking. One of the headquarters managers while answering the interview said *"the strategies developed in the headquarters and different subsidiaries are a negotiated strategy based on the perception of the top managers in the headquarters together with opinions of the subsidiary managers. The mindset of management is very critical in the process of development of the strategy. The mental disposition of managers is very vital during the development of the strategy. The process of developing a strategy used in the subsidiary involves interaction between the subsidiary and home country managers. The way these managers look at things translates into a strategy pursued in the different jurisdictions"*. Jacques (1952) defines culture as a customary and traditional way of thinking and doing things, shared to a greater or less degree by all its members and which members must learn, and at least partially accept service in the firm. Hagget (1975:238) defines culture as a description of patterns of behaviour that form a durable template by which ideas and images transferred from one generation to another. The mindset forms a basis for the transfer of ideas regarding strategy from headquarters to the subsidiaries.

Qualitative findings also opine that subsidiary mindset and philosophy is responsible for the execution of an emerging strategy during cross-border banking. The mindset is a template which the different managers use for interpretation of events in the various jurisdictions. One of the headquarters managers in charge highlighted that *"the mindset of subsidiary managers is what these managers use for interpretation of the strategy which has provided for them from the headquarters. It's amazing that managers from different jurisdictions interpret strategy differently. The mindset has influenced the customers' tastes towards banking services. Determination of proper cultural orientation facilitates success in the organisation"*. Swartz & Davis (1981:33) define culture as a pattern of beliefs and expectations shared by the organisation members, responsible for the production of norms and powerfully shape the behaviour of individuals and groups in the organisation. Shared views are critical for emerging ad developing strategy developed in the different approaches. Lorsch (1986:95) defines culture as shared beliefs top managers have about how they should manage themselves and other employees, and how they should conduct business.

The headquarters has to be mindful of the different managerial dispositions to roll out an appropriate strategy. During the second phase of the study established that most of the subsidiary managers were posted from the headquarters to oversee subsidiary operations. Managerail dispositions facilitate the translation of headquarter anticipated mechanisms of implementation of strategy in the different jurisdictions. One of the subsidiary managers said that *"cross-border dynamics is complicated to replicate the approach in the headquarters. Management in the headquarters has train staff in the different countries with a proper understanding of the headquarters mindset. However, they need just not have to be cadres but also people with an ability to understand dynamics in the subsidiaries and appropriately respond to those dynamics.* Culture is a multifaceted concept of peoples shared people's beliefs, philosophies, norms, customs and mental programming of a group of people (Hofstede 1981, 1983, 1997, & 2001). The shared theory, beliefs and psychological programming by the different managers form a common strategy which is used to the exploitation of various opportunities in different countries. Management in the headquarters usually works towards ensuring that the subsidiary management has the same mindset, philosophy as these facilitate coming up of a joint strategy. LeBaron (2003) argues that organisation culture is more than a language, dressing, food but it is an underground river that runs through peoples' lives, relationships, giving messages that shape perceptions, attributions, judgements, ideas of self and others. Management works towards synchronization of the value systems of different subsidiary managers and employees by having the same vision, organisation structures, mission statements, technology, and organisation philosophy.

The study established that managerial mindset and philosophy forms a durable template in which managers' use for understanding the different dynamics in the business. Managerial mindset interestingly becomes cultural norms influence the business environment in which the bank operates. Development of an appropriate strategy for competitiveness, therefore, involves managerial mindset and the philosophy and the way they understand opportunities in the process of undertaking cross-border banking. It's imperative therefore for the cross-border bank to understand the unique philosophy and mindset of the different managers in the subsidiaries and home country during the process of development of a multinational strategy.

4.3.4.5 A critical analysis of the impact of the national culture in the subsidiary on cross-border strategy and competitiveness

The socio-cultural environment determines the way people support and implement the organisational plan. Shenkar and Luo (2008: 168) argue "national, industrial, corporate, ethnic, ideological and individual cultural orientations shape the strategies in international business." Whereas the national culture didn't feature as a critical aspect of the socio-cultural environment, but qualitative part of the study highlighted that national culture has to influence the choice of strategy and competitiveness in cross-border banking. The respondents interviewed during the second phase of the study highlighted that the national culture is contingent on the determination of tastes and preferences of customers in cross-border banking. One of the subsidiary managers while answering the interview said *"the national cultures in the different countries in East Africa influence attitude and mindset of residents in the different countries. The cultural beliefs in the subsidiaries and headquarters shape the way people in the headquarters and subsidiaries develop the ideology and strategy. The process of developing a strategy used in the subsidiary involves interaction between the subsidiary and home country managers. It's imperative to note that strategy is a product of cultural environments in the different jurisdictions"*. Mead and Andrews (2009) "the national culture expressed in the foreign subsidiary as a source of risk when own national culture has high needs to avoid uncertainty, and cultural distance are perceived wide." Management of cross-border ventures have challenges to deal with different cultural orientations. The cultural differences of the subsidiary with headquarters as a result of national boundaries as espoused by political beliefs influence dynamics in various limits. National political culture can be explained using social integration, domestic policies, the establishment of national institutions, forms of social status, and the way of creation of laws. The political systems in different countries influence the values, belief, and philosophy of citizens, therefore, coming up with a unique national culture. International nature of modern business means that individual and organisational success is no longer dependent solely on business acumen, but also on our ability to understand, communicate and work with people in different countries and cultures (Moran, Harris and Moran, 2011).

One of the subsidiary managers said that *"the different countries have different national culture as a result of different political history. Uganda has a long*

tradition of dictatorship, Tanzania has a history of capitalism, Tanzaia with a history of socialism and democratic credentials, Rwanda with a history of France that is now transforming towards Anglophone country. This history variously affects the mindsets of the citizens in these countries". Cross-border banking enables the bank to gain competitiveness regarding efficiency.

Management of cross-border ventures has to understand the different cultural dispositions and appropriately develop strategies to exploit the unique aspects in the various East African countries. An organisation's poor performance may be as a result of failure by leadership to fit into a multicultural environment (Neeley and Kaplan, 2014).

The study established that national culture in the different countries influences the behaviour of the citizens in the various jurisdictions. Development of an appropriate strategy for competitiveness, therefore, requires an understanding of the national culture in the separate subsidiaries and headquarters. It's imperative therefore for the cross-border bank to understand the unique elements in the various branches and home country during the process of development of a cross-border strategy.

4.3.4.6 A critical analysis of the impact of choice of language in the subsidiary on cross-border strategy and competitiveness

The international nature of modern business means that individual and organisational success is no longer dependent solely on business acumen, but also on our ability to understand, communicate and work with people in different countries and cultures (Moran, Harris and Moran, 2011). The choice of language to be used in the subsidiary and headquarters is critical to the success of cross-border banking. The quantitative part of the study didn't identify the language as a vital part of multinational strategy and competitiveness. However, the qualitative part of the research found out that choice of language as essential in cross-border banking. The respondents interviewed during the second phase of the study highlighted that the language is vital influencing competitiveness in cross-border business.

One of the subsidiary managers while answering the interview said *"different countries in East Africa use different languages as a medium of communication. Kiswahili is a dominant language of communication in Kenya and Tanzania but*

it's not appreciated in Uganda though it's a national language. He appeals for subsidiaries to embrace languages in the different subsidiaries for communication. Language strategy is critical to the success of the cross-border banking". Cross-border banking enables the bank to gain competitiveness regarding efficiency.

Shenkar and Luo (2008) explain that culture as entailed in language, behaviour, attitude, philosophy and mindset influences tastes and preferences. Culture correlates with variables like language and religion which vary across nationality. Communication is one of the defining expressions of culture; instilling socialization and determining values and norms (Shenkar and Luo, 2008: 161). Companies rely on their global reach to achieve the best profit and performance (Moran, Harris and Moran, 2011). An organisation's poor performance may be as a result of failure by leadership to fit into a multicultural environment (Neeley and Kaplan, 2014). They argue that understanding of the cultural background, orientation, customers, products, and services together with regional contexts are critical to the success of the organisational strategy. Managers held accountable for ensuring that language and cultural skills throughout their organisations. Progress should not be solely the responsibility of the human resources department and individual managers.

Shenkar and Luo (2008: 180) note that culture is an essential force in international business; individuals and firms use their own culture as an anchor. Cultural aspects are significant in the determination of cross-border trade (Moran, Harris and Moran, 2011). The international nature of modern business means that individual and organisational success is no longer dependent solely on business acumen, but also on our ability to understand, communicate and work with people in different countries and cultures (Moran, Harris and Moran, 2011).

Qualitative findings also opine that subsidiary and home the language used in the different jurisdictions is critical in determining the competitiveness of the cross-border bank. Language is a medium of exchange, used passing beliefs, values, customs, practices, and behaviours are crucial in determining customers' tastes and preferences. One of the employees noted that *"the process of communicating in the language of the locality enhances appreciation by customers in the different countries. The different jurisdictions in value different languages; Uganda-English and Luganda, Rwanda-Kinyarwanda, French & English, South Sudan- Arabic, Kenya-Kiswahili, Tanzania- Kiswahili, Burundi-French & Kirundi. Traditional languages influence the customers' tastes towards banking services. Proper*

language orientation in the different subsidiaries is critical for cross-border strategy and competitiveness".

Proper alignment of language in the subsidiaries and headquarters is critical in the process of competition it's paramount therefore management to understand the cultural orientations of the affiliate to roll out products and services which are appropriate for the different markets. Cultural orientations determine the extent to which subsidiary Home cultural environment assesses the perceptions of the headquarters managers. Increased cross-border ventures force employees and business managers to interact with the different languages in different territories (Lauring, 2008). Language affects various aspects of everyday life, its imperative therefore for the managers to focus on communication barriers that can cause a rise in the multiple territories in the process of managing the international business (Henderson, 2005). The issue of language barriers is particularly critical during intercultural service encounters (Czinkota & Ronkainen, 2002). Such cross-cultural service encounters may be influenced not only by cultural differences but also by language barriers.

Management doesn't have to replicate on the headquarters language in the different jurisdictions. Development of an appropriate language strategy for competitiveness, therefore, requires an understanding of the various language dispositions in the various territories as these embody unique characteristics in different areas. It's imperative therefore for the cross-border bank to understand the individual elements in the separate subsidiaries and home country during the process of development of a multinational strategy.

4.3.5.0 An assessment of implications on challenges together with solutions faced by Kenya commercial Bank

A critical evaluation of the impact of the research findings on the challenges faced by Kenya commercial bank provided insight on the different challenges faced by the bank. The bank suffered political, economic and social difficulties in across the various jurisdictions.

4.3.5.1 Differences in the political environments in jurisdictions

Cross-border banking provides Kenya Commercial bank with diverse opportunities as a result of opening subsidiaries across the different East African communities. The bank increased competitiveness in the dimensions of efficiency, risks management, learning, and innovation. The study also established that cross-border banking had improved the bank's profitability, reputation, expanded customer base, market share, increased revenue. Profitability was as a result of the growth of bank deposits, enhanced corporate image, investors confidence, increased share holder value, the growth of the balance sheet, improved shareholder base, and building of a strong brand name. Kenya Commercial bank maintained a strong financial position as a result favourable business environment.

However, cross-border banking comes with challenges regarding expansion to new territories. The banks encounter different political environments with different demands and requirements. One of the subsidiary managers argued that the political situations in the various jurisdictions come with unique needs regarding obligations. Management must understand the different political environments and respond accordingly." The company equipped with knowledge about the dynamics in the cross-border ventures. The process of anticipation and understanding the different factors is critical in the process of enhancing competitiveness in cross-border banking. One of the managers for the Ugandan subsidiary argued that "*Cross-border banking success doesn't come on a silver plate. Multinational undertakings call for a company to sufficiently with knowledge and understanding of the market conditions in the subsidiary countries economic, political, socio-cultural and technological factors. Undertsanding of cross-border dynamics is critical for success as the environment is always dynamic*. Kasembeli, (2009), the company seeking to embark on cross-border banking has assessed the firms' growth readiness and understand the market it intends to penetrate. Knowledge of the market conditions in the countries readiness; economic, political, socio-cultural and technological factors are critical for the choice of strategy and level of competitiveness (Mwadime, 2010).

The bank has to provide adequate mechanisms for efficiently addressing the different dynamics in subsidiary environments to enhance competitiveness.

4.3.5.2 Management of conflicting national interests

Cross-border banking fosters financial development, economic integration; stimulate competition and efficiency, innovation, modern management, the establishment of information systems and expertise in different areas. However, various national regulators come with different unique interests. The state regulators have national interest as per the mandate of the separate legislative assemblies and at times in conflict with the independent subsidiary and home jurisdictions. One of the respondents while highlighting the challenge of conflicting national interests gave a case of the legislation by the republic of South Sudan said that one of the employees interviewed argued that *"regulators in the different jurisdictions have different guidelines to be followed for successful competition. Regulatory framework in South Sudan doesn't allow account holders to withdraw funds in different jurisdictions. The different jurisdictions also have different legal requirements for liquidity and cash ratios in the different countries. These strategies have different implications for strategy and competitiveness"*. Home regulator findings the opportunity of economic growth and expansion of the operations of the cross-border bank as an opportunity for economic growth and provision of employment in the different jurisdiction while the subsidiary regulator sees the opportunity for increased investment and more penetration of the banking services to rural areas. The various positions about expectations of different regulators can affect the success of the cross-border bank. Different regulators are unlikely to take into consideration account of the requirements of the other regulators. National interests result in differences in priorities regarding crisis management, resource supervision, therefore, leading different regulatory frameworks and institutions. The financial systems in the various countries significantly contribute to diversities.

The regulatory framework in Rwanda witnessed the introduction of Law No. 31/2015 that establishes a Deposit Guarantee Fund. The law makes it mandatory for all the deposit taking institutions to pay a premium, calculated as a percentage of their deposits, to the Fund. The requirement is meant to increase confidence and security among depositors but has implications of increasing the cost of business by the deposit taking institutions. Bank of Rwanda also issued a new Regulation No. 06/2015 relating to bouncing cheques and providing substantial penalties and sanctions to cheque defaulters and obligates banks to report all bouncing cheques to the National Bank of Rwanda and the Credit Reference Bureau (KCB, 2016).

In a cross-border context, severe conflicts of interest can arise when it comes to agreeing on how to share the potential burden of such interventions. Different territories with different regulatory frameworks come with unique requirements for competitiveness.

4.3.5.3 Exposure to foreign exchange rate risks

Cross-border banking enables banks to operate in different jurisdictions with different currencies exposing the cross-border bank to varying dangers as a result of external currencies. Differences in foreign currency exposures between Kenya the home country of KCB and separate subsidiaries; Uganda, Tanzania, Rwanda, and Burundi, have had significant implications for the stability of their financial sectors in the various countries. Kenya shilling is stronger than the currencies in the subsidiaries this exposes the profits earned from this jurisdiction. Fiscal and macroeconomic stability is thus enhanced if currency depreciation typically occurs during downturns. One of the respondents argued operations in different countries exposes the bank to different risks. In his own words, the employee of Kenya Commercial bank said that *"the bank has faced divers' challenges operating in various jurisdictions. The currencies in most of these countries are low this makes the profits from these countries to be low. The situation worsens when the exchange rate keeps changing further enabling the bank to make losses".* The bank has to undertake domestic currency invoicing and hedging as a means of reducing exposure to exchange rate variations. Cross-border banks continuously face exchange rate exposures as a result of transaction, translation and economic risks. Transaction exposure as a result of differences in the value of committed in the future cash flows. Foreign exchange exposures to cross-border transactions are a result of diverse economic challenges in the home and subsidiary countries. Academic literature is nuanced with evidence of foreign exchange risks encountered by multinational organisations (Bodnar et al. (2003) provide data comparing operations for US and Dutch firms (Bodnar and Gebhard; 1999; Bodnar et al., 2003); Alayannis and Ofek, 2001).

Its imperative therefore for the cross-border bank to efficiently manage risks associated with foreign exchange exposure as a result of differences in the exchange and variations in the exchange rate. Management therefore has to configure appropriate strategies for effective engagement in the different territories in order to compete effectively.

4.3.5.4 Differences in the fiscal conditions and macroeconomic policies

Kenya commercial bank operates in different jurisdictions with different and divergent budgetary and macro-economic conditions as a result of different government policy establishments. Differences create divers policy environments and provide different financing costs for operations creating both operational planning and cost management challenges. East African communities have eight different macro-economic and fiscal authorities in the various jurisdictions. Different budgetary and macro-economic conditions create a cosmopolitan environment for the various actors to participate in cross-border banking.

One of the headquarter managers argued *"cross-border banking has diverse challenges but the major challenge the bank has to deal with the different macro-economic policies in the East African region providing divers challenges. The emphasis is the different economies create opportunities and unique challenges. Competitiveness by appropriate capturing of the diver's opportunities afforded in the different territories"*. Differences in the fiscal condition and macroeconomic policies of different governments, actual and perceived, have led to differences in the financing costs faced by similar firms in different countries (Kodongo, 2015). The cross-border bank as to maneuver with the different fiscal and macro-economic dynamics afforded in the home country and subsidiaries. Competition in one jurisdiction requires acute management due to divers' changes in policies within one jurisdiction and actions of competitors, but the challenge becomes more challenging as a result of competition in more than one location.

Understanding and effective management of the different foscal and macro-economic environments is critical for competitiveness of cross-border banks. The dynamics is driven by different factors across different territories therefore requiring anticipation and agility to respond to the changes in the different countries. Cross-border banks have to master the art of effectively predicting the emerging underlying dynamics driving fiscal and macro-economic policies in the headquarters and subsidiaries.

4.3.5.5 Divergences in national supervisory standards

Cross-border banks operate in different jurisdictions with different supervisory standards and requirements. Kenya commercial bank operates in 6 countries; Kenya, Uganda, Tanzania, Rwanda, Burundi, and Southern Sudan. These different nations provide similar and separate obligations to the cross-border bank. East African countries have different supervisory arrangements in the various jurisdictions in approaches on the application of universal supervisory principles and regulations. The bank operates in different territories with different standards and supervisory challenges. The bank is expected to comply with both subsidiary and home regulators with different regulatory standards with different and similar obligations. The structure and resources in the different jurisdictions are significantly different in the home country and across the various subsidiaries. The standards and regulations in different domains can create complicated for interpretation. One of the headquarters managers highlighted that the bank continues to experience challenges with the different rules and regulations in various jurisdictions. He argued that *"the banks are usually expected to report both to the home and subsidiary regulators with different standards. The bank finds challenges that their situations where in most cases, the regulators may require same information to be reported in different formats depending on the regulator's requirement; creates duplication, therefore, causing duplicate reporting under Basel II and Basel III."*

To streamline operations and reporting mechanisms, regulators put are working on arrangements for improvement through training and consultations with the different regulators and harmonisation. However, these challenges have persisted in undermining bank performance, therefore, calls for urgent streamlining of operations. The commercial banks have to harmonise of regulatory frameworks and optimizing of actions at regional and continental level through East African Community and the African Union.

4.3.5.6 Transmission of risks from one jurisdiction to another

Cross-border banks provide the bank with opportunities for enhancement of competitiveness. The cross-border bank has opportunities for increasing efficiency, risk management, learning, and innovation. The bank enhances efficiency and competition, financial deepening and outreach, and economic stability in Africa. Despite the benefits but cross-border banking provide new potential risks as new channels of contagion emerge as national banking and financial systems become interwoven allowing transmission of shocks across the border.

However, the banks as a result of being in different political and economic environment come in contact with various risks and exposures to risks which can d to the headquarters and other subsidiaries. One of the regulators argued that *"cross-border banks become a means of transmission of risks from one jurisdiction to another and significantly reducing authorities control over the economies. The process of regulation of these banks, therefore, calls for collaboration with regulators in the different jurisdictions which come with divers' challenges."* Transmission of risks across different territories is brought about by inadequate regulatory frameworks in different countries. Regulators are forced to introduce protective regulations which complicated cross-border banking. Regulatory bodies in different jurisdictions are responsible for the separate protection of macro-economic stability in the various countries and better financial performance. The central banks in the multiple domains undertake supervisory oversight of the commercial banks in respective countries with a significant objective of promotion of macro-economic stability and development of economic growth. However, the challenge of different jurisdictions with divers' regulatory standards creates unique problems for actors. Regional cooperation between regulators provides mechanisms for efficiently managing cross-border contagion.

For cross-border banking to become more competitive, there has to provide mechanisms for harmonisation of the transboundary frameworks. Cross-border banking requires relevant agreement between the stakeholders as a means of enhancing effective financial integration.

4.3.5.7 Political instability

Political stability determines the integrity and the durability of a current government regime, measure by the amount of violence and other forms of uncertainty in the nation. Subsidiary and home country political stability are critical in the determination of the atmosphere for banking. Political instability affects the level of economic activity in the jurisdictions. The qualitative findings elude that political turbulence in the different subsidiaries affected the profitability of the bank. The political situation in Burundi and South Sudan remained a significant challenge to the bank. The bank had to deal with political instability in the region as a result of war adversely affecting operations of the bank in these countries. One of the headquarters managers highlighted that *"political instability in South Sudan has affected our operations causing closure of most operations and the policies issued by the central bank in Sudan have affected our operations. Despite the continued operations in the different jurisdictions the operations have significantly been affected by civil strife as war has hampered activities in these countries."* Academic literature provides nuanced messages about the impact of political instability on financial activities (Alesina et al., 1996; Jong-A-Pin, 2009; Aisen and Veiga, 2013); reduction in investment in the private sector (Rodrik, 1991; Barro, 1991; Alesina and Perotti, 1996); increased inflation and financial volatility (Cukierman et al., 1992; Aisen and Veiga, 2008); and diverse adverse effects on the economy. The bank experienced continued political instability in different countries significantly affecting operations and profitability directly and indirectly.

The bank performance continued to improve in Tanzania and Rwanda despite political activities in these jurisdictions as the political environment never became hostile. The bank has continued to provide banking services across the subsidiaries despite the challenges.

4.3.5.8 Changing regulatory environment

The different countries have opted to make an appropriate regulatory framework to manage to break economic situations. The various jurisdictions in East Africa have kept improving the regulatory standards further changing the dynamics of conducting cross-border banking. In Kenya, the new companies Act together with Capital Market legislation create significant demands on the Board of Directors (Biwott, 2016). In 2015 marked the formal implementation of the Unclaimed Financial Assets Act, 2011 requiring institutions submitting requisite reports on

and surrendering unclaimed financial assets to the Unclaimed Financial Assets Authority (UFAA). Implies that unclaimed deposits to the authority and KCB on compliance. The implementation of Prevention of Terrorism Act, 2012 and the Persons with Disability Act, 2003 started commenced in 2015. The legislations require banks to comply with prevention of terrorism subject to scrutiny by the Ministry of Internal Security and The National Council for Persons with Disability.

The regulatory framework in Uganda has also introduced Financial Consumer Protection Guidelines 2015 seeking to ensure transparency and disclosure by banks to customers including Key Facts Documents that providing product charges, terms, and conditions. Bank of Uganda issued a memo in 2016 on primary data centers' and disaster recovery sites that require all supervised financial institutions to have in-country primary data centers' and disaster recovery sites by 2016 (KCB, 2016). The regulatory framework in Rwanda witnessed the introduction of Law No. 31/2015 that establishes a Deposit Guarantee Fund. The law makes it mandatory for all the deposit taking institutions to pay a premium, calculated as a percentage of their deposits, to the Fund. The requirement is meant to increase confidence and security among depositors but has implications of increasing the cost of business by the deposit taking institutions. Bank of Rwanda also issued a new Regulation No. 06/2015 relating to bouncing cheques and providing substantial penalties and sanctions to cheque defaulters and obligates banks to report all bouncing cheques to the National Bank of Rwanda and the Credit Reference Bureau (KCB, 2016).

The bank has to consistently and carefully scan the business environment in the home and subsidiary countries. Businness climate will provide the bank with a proper understanding of the changing dynamics and appropriately respond to changes. Pro-activity in the market is critically essential for efficient responsive. Competitiveness harnessed by crafting appropriate mechanisms for risk management and strategies aligned to unique conditions.

4.3.5.9 Volatility in market conditions in the banking industry

Kenya Commercial has experienced challenging operating environment both in the home country and subsidiaries. Keegan (1998) companies must decide whether to expand by seeking new markets in existing states or exploring new country markets for already identified and served market segments. Ball and McCullach (1993), firms end up going abroad for some reasons but mainly moved by a desire for increasing sales, profits and protection from erosion of

competition. According to KCB cascade, (2010), as part KCB's regional growth strategy in October 2008, KCB introduced a new technology platform T24 that has strengthened its operations further. The new T24 platform has enabled KCB to be a one branch network across the region as all its subsidiaries have it installed (Mwadime, 2010).

However, the bank has experienced market volatility both in the home and subsidiary markets. Despite resilience in the bank but the bank had suffered unique and challenging economic environment as a result of depreciation in Kenya shilling and increase in the interest rate coupled with tight liquidity. The banking sector suffered unique challenges across the areas of operations as a result of the strengthening of a dollar against the local currencies in the different areas of services. Market volatility led to banking institutions failed to make enough returns to return on investment resulting in loss of profitability by various banks in the region with several adverse corporate actions like bankruptcy filling and bank closures. One of the employees highlighted that the environment across East Africa has been challenging and said that *"the banking industry in this region has experienced volatile environment resulting into bankruptcy and closure of banks in the region."*

Different companies faced the situation. Banks in Uganda have experienced different challenges. Muhumuza (2017) in an article of the daily monitor describing the position of the economic difficulties in Uganda state that *"Crane Bank's failure to the general challenges facing the economy. The disposable incomes of Ugandans had reduced prices rising because of the depreciating Shilling. In fact, in the entire 2015, businesses had to revise expenditure plans because of the rather high cost of money and less consumer demand. The Uganda Shilling depreciation was almost 20 percent in the entire 2015. Commercial Bank interest rates had also edged up to almost 30 per cent from an average of 21 per cent in the space of a year."*

In order gain competitiveness Kenya national bank has built up reserves and undertake the prudent management of finances by Basel III building buffers; reserves, However, the bank found appropriate mechanisms for overcoming the challenging environment.

4.3.5.10 Changes in consumer expectations

Cross-border provides an opportunity for the provision of services across different subsidiaries. Kotter and Hesket (1992) defined "culture as shared values and norms that define appropriate attitudes and behaviors for organisational members." Culture is collective phenomena that embody people's responses (Trice and Beyer (1993:2). The subsidiary and home country cultural environment represent practices, beliefs, customs, and behaviors in the subsidiary and home countries respectively.

Different socio-cultural environments in various countries have continued to exhibit distinct and unique socio-cultural environments. The differences in culture and social characteristics in the populations in multiple countries lead to nations displaying divergent tastes and preferences. One of the respondents during the interview argued that *"tastes and preferences in the different countries have continued to vary resulting divergences in the preferences for products and services. Mobile banking is a product which is appealing to Kenyan market but attempts to market the same product to the different subsidiaries."* Kenya Commercial bank operating in different territories has found it hard to meet the unique tastes of the various jurisdictions.

The bank has also continued to experience changing tastes and preferences as a result of changes in customer characteristics as a result of changes in technology and globalisation. One of the respondents also argued that customer' tastes in the banking sector in the same jurisdiction have kept changing. He said that *"the banking industry especially with the emergence of technology and globalisation therefore significantly transforming tastes of customers. Technology development requires the bank to be well informed about the changing desires of customers."* Technology adoptation puts the bank on the pressure of delivering the level of service that consumers are demanding, especially in regards to technology. Consumer preferences towards products reflected in consumer decision making process (Lichtenstein & Slovic, 2006), evaluative judgment regarding liking and dislike of a product or service (Scherer, 2005). The consumer tastes and preferences noted in the decision making processes like choices (Brehm, 1956; Sharot, De Martino, & Dolan, 2009); unconsciously (Coppin et al., 2010). Tastes and preferences could be a product geographical location, culture al background, religious beliefs, and education (Zajonc, 1982; Sharot et al., 2009).

To appropriately manage the changing demands of customers as a result of changes in tastes and preferences, the bank has to undertake an assessment of unique values across the different jurisdictions and appropriately design products and services to meet the individual aspirations of customers. The bank has to conduct a continuous evaluation of the environmental dynamics.

4.3.5.11 Intensity of competition in the banking industry

Competition in the banking sector has become stringent. Kenya commercial bank has continued to experience competition in the home country and across borders. Different subsidiary jurisdictions have significantly affected the operations of the bank in the various authorities. One of the employees of Kenya commercial Bank in Uganda highlighted that *"the banking environment in the country is very competitive as a result of the acquisition of the Uganda commercial bank by Stanbic bank. Competition made the ground very difficult for the late arrivals like Kenya commercial Bank."* Stanbic bank initial entry to the Ugandan market through the purchase of Uganda commercial bank with branches across the country provided intense competition for other banks. KCB entry into Uganda in2008 was started primarily by targeting the Kenyan business community in Uganda. The bank also launched by branding to encourage people to appreciate the brand of Kenya Commercial Banks. The bank's entry strategy also involved mainly employing personnel from the home country but eventually, approach recruiting staff from the local banks like stanbic Bank, Equity and centenary banks. These banks had an understanding of the conditions in the domestic market as a result of failures and need to be more adaptive to the local conditions. The bank recruited staff at the top level like managers to ensure that ideologies and norms in the local markets could be adopted. The first challenge was senior management mainly being Kenyan affected the performance of the banks due to mistrust and limited knowledge of the regional dynamics was critical in a paradigm shift in the recruitment process. KCB marketing strategy is mainly focusing on asset financing, salary loans, mortgage primarily targeting income earners, bulk marketing, Afro-based that would contract, loans, asset finance, salary base, support corporate customers.

Academic literature is nuanced with evidence of the success of cross-border banking in Africa (Claessens and Laeven, 2004; Gelos and Roldos, 2004; Yeyati and Micco, 2007). Cross-border business supports the development of an efficient and stable financial system that offers broad access to quality financial

services at low cost (L´eon, 2014). However, cross-border increases competitive pressure on the players as the players in the home market and subsidiary markets have to use different strategies for competition. Whereas various scholars argue that cross-border banks have a comparative advantage in the process of entering new markets in the process of diversification, access to capital, risk scale economies, skill, and management expertise. However, the subsidiary operations provide several levels of competition. The competitive environment has further dampened by financial technology companies which seem very attractive to customers. Equity Bank, in the beginning, introduced mobile sim cards that could support the provision of financial services. Cellular telephone companies like MTN and safari com now provide loans to customers that are using mobile money significantly affecting the competitiveness of cross-border banks.

The bank has build mechanisms for competitiveness by undertaking market analysis and provides appropriate strategies for competitiveness. Knowledge of the market conditions in the countries readiness; economic, political, socio-cultural and technological factors are critical for the choice of policy and level of competitiveness (Mwadime, 2010). The process of anticipation and understanding the different factors is essential in the method of enhancing competitiveness in cross-border banking. Banks have to improve the IT platforms to facilitate delivery of products and services competitively to meet the emerging dynamics in the market. Improvement in technology has to be undertaken while building partnerships with critical stakeholders like mobile telephone companies, national governments and local governments, public and private companies. Technology development and partnerships provide leverage and impetus for the bank to compete at home and across-borders.

Cross-border banks have to develop appropriate unique strategies for effectively competing in the different environments. Parent banks have to design appropriate dynamics to respond to competition from the home and foreign banks in different territories. Mechanisms have to be put in place to deal with headquarters being in position to design strategies for competition in the home market as the driver of the cross-border bank is the headquarters. Different subsidiaries have different players with different unique competences. Emerging money platforms like mobile money have opened new front require appropriate strategies.

SECTION 3: SYNTHESIS OF QUANTITATIVE AND QUALITATIVE FINDINGS

This section aims to integrate the findings of the quantitative and qualitative methods by bringing together the two data sets with a view of arriving at a complete picture of mixing the quantitative and the qualitative methodologies (Creswell & Clark, 2007).

The different forms data provided information insight in relation cross-border banking and competitiveness in East Africa. The first part of the synthesis brings a brief on the quantitative and qualitative studies. The final synthesis now provides the complete model integrating qualitative and quantitative findings.

4.4.1.0 Quantitative results

Quantitative data presented in section one of using questionnaires were analysed using excel and SPSS. The analysed quantitative data provided descriptive statistics and inferential statistical, regression analysis and factor analysis. Systematically variables relevant for the development of the model were validated and updated using qualitative findings.

4.4.1.1.0 Descriptive statistics

Quantitative data that was collected using questionnaires analysed using excel and SPSS, conclusions presented using frequency tables, graphs, and pie charts. The findings covered, global strategy, multi-domestic strategy; transnational strategy, political environment, and competitiveness.

4.4.1.1.1 Global Strategy

The results about the impact of global strategy on competitiveness agreed that use of the same procedures, policies, and standardisation of the subsidiary operations in cross-border banking doesn't encourage competitiveness. However, the respondents felt that uniformity mainly enhances efficiency and risk management. The global strategy pursuit of a global appeal, dynamics and capturing of universal appeal improves competitiveness; efficiency, risk management, learning, and innovation.

4.4.1.1.2 Multi-domestic Strategy

Findings concerning the impact of multi-domestic strategy highlighted that the approach improves competitiveness. The study established that multi-domestic strategy enhances efficiency, risk management, learning, and innovation. The findings opined that use of decentralised policies, use of different organisation structures, use of various systems across subsidiaries, independent management of HR and use of various management strategies across affilliates enhance competitiveness; efficiency, risk management, learning, and innovation.

4.4.1.1.3 Transnational Strategy

Descriptive statistics highlighted that that transnational approach improves efficiency, risk management, learning and innovation and competitiveness. Knowledge sharing, research, and development enhance competitiveness. However, subsidiaries undertaking specialised don't strengthen competitiveness.

4.4.1.1.4 Political environment

The study established that political environment largely influences the cross-border strategy and competitiveness. Subsidiary regulatory framework, home regulatory framework, monitoring and supervision by a subsidiary, control and surveillance by home regulator, political stability in the branch, political stability at home, political system in the affiliate, political system at home, political history in the subsidiary, and political history at home influence cross-border strategy and competitiveness.

However, descriptive statistics highlighted that judicial system in the subsidiary, legal system at home, political ideology in the affilliate, political ideology at home are the political elements that don't influence cross-border strategy and competitiveness.

4.4.1.1.5 Socio-cultural environment

Descriptive data highlight that subsidiary cultural norms influence strategy, subsidiary cultural norms affinfluence competitiveness, home cultural norms influence strategy, home cultural norms affect competitiveness, home social norms influence marketing strategy, subsidiary cultural norms affect marketing

strategy, cultural norms in the subsidiary influence customer care, and home country cultural norms influence on marketing strategy.

However, descriptive statistics highlighted that home social norms, and cultural norms don't influence marketing and customer care.

4.4.1.1.6 Competitiveness

Descriptive statistics highlight that cross-border banking enhances efficiency, risk management, learning and innovation and competitiveness. The findings imply that cross-border investment improves competitiveness by a multi-national bank.

4.4.1.2.0 Inferential statistics

The researcher also used inferential statistics for studying the relationships between the strategies and the diverse aspects of competitiveness; efficiency, risk management, learning, and innovation. The correlation coefficients for the different sub variables of the strategy were computed and the analysis highlighted. The researcher also used a t-test for testing the hypotheses while the value for positive predictions.

4.4.1.2.1 Global Strategy

The relationship between global strategy and competitiveness was investigated using non-parametric Spearman's Rank correlation. Inferential statistics highlight that pursuit of cross-border banking to capture universal appeal positively correlated with response to global dynamics. The findings also imply that search of cross-border business with the focus on winning universal appeal enhances efficiency, risk management, learning, and innovation.

The quantitative findings also imply that pursuit of cross-border banking to respond to global dynamics enhances efficiency, risk management, learning, and innovation. Inferential statistics are in agreement with descriptive statistics which highlighted that global strategy is related to competitiveness.

4.4.1.2.2 Multi-domestic Strategy

The relationship between multi-domestic strategy and competitiveness was investigated using non-parametric Spearman's Rank. Inferential statistics highlight that decentralised operations in the subsidiary enhance the use of independent marketing, different policies, efficiency, risk management, learning and innovation learning, and innovation. However, findings suggest that there is a weak relationship between a relationship between decentralised operations with efficiency and risk management.

The findings highlight that use of independent marketing strategies in the subsidiaries enhances the use of different policies, learning, and innovation. However, separate marketing strategies don't efficiently improve and risk management.

Finally, the findings, therefore, opined that use of different policies doesn't significantly enhance effiecncy and risk management. However, use of various systems improves learning and innovation. The inferential statistics also confirm that there is a relationship between multi-domestic strategy and competitiveness.

4.4.1.2.3 Transnational Strategy

The relationship between transnational approach and competitiveness was investigated using non-parametric Spearman's Rank correlation. The research findings imply that knowledge sharing between subsidiaries enhance efficiency, risk management, learning, and innovation.
Inferential statistics opine that specific functions in the subsidiary enhance efficiency, risk management, learning, and innovation.

The study established that research and development improve efficiency, risk management, learning, and innovation.

4.4.1.2.4 Political environment

The hypotheses that; "political *environment influences cross-border strategy and competitiveness"* was accepted. The research hypotheses for moderation effect

of political environment on cross-border strategies and competitiveness. Testing of the hypotheses provides insight on the moderation effect of political environment on strategy and competitiveness by Kenya Commercial Bank. The correlation coefficients for the variables of the political environment was testested againt the different dimensions of policy. Political climate assessed regulatory framework, supervision, political stability, the judicial system and political system with cross-border strategy. The cross-border approach evaluated include global, multi-domestic and transnational. These variables tested against competitiveness in cross-border banking.

The correlation coefficients for the relationship between variables of the political environment; regulatory framework, supervision, political stability, the judicial system and political system with cross-border strategies positively correlated with the global, multi-domestic and transnational approach. Similarly, the coefficient of correlation between political environment variables with competiveness is positively associated with coefficients more than 0.5 and $p<0.05$.

The study specifically established that; *"regulatory framework influences supervision, political stability, the judicial system, political system, global strategy, the multi-domestic strategy, transnational strategy and competitiveness in Kenya commercial bank."*

The findings also found out that; *"supervision influences judicial system, political system, global strategy, the multi-domestic strategy, transnational strategy and competitiveness in cross-border banking by Kenya commercial bank."*

The results further established that; *"political stability influences judicial system, political system, global strategy, the multi-domestic strategy, transnational strategy and competitiveness in cross-border banking by Kenya commercial bank."*

The research findings concluded that; *"judicial system influences the political system, global strategy, the multi-domestic strategy, transnational strategy and competitiveness in cross-border banking by Kenya commercial bank."*

The study alluded that; *"political system influences global strategy, the multi-domestic strategy, transnational strategy and competitiveness in cross-border banking by Kenya commercial bank."*

4.4.1.2.5 Socio-cultural environment

The hypotheses that; *"socio-cultural environment influences cross-border strategy and competitiveness"* was also accepted. The research hypotheses for moderation effect of socio-cultural environment on cross-border strategies and competitiveness. Testing of the hypotheses provides insight on the moderation effect of socio-cultural environment on strategy and competitiveness by Kenya Commercial Bank. The correlation coefficients highlighting the relationship between variables of the socio-cultural climate was testested againt the different dimensions of strategy. Socio-cultural environment assessed regulatory framework, supervision, political stability, the judicial system and political system with the cross-border approach. The cross-border strategies evaluated were global, multi-domestic and transnational. These variables tested against competitiveness in cross-border banking.

The study established that; *"cultural norms influence social norms, global strategy, the multi-domestic strategy, transnational strategy, efficiency, risk management, learning, innovation, and competitiveness in cross-border banking by Kenya commercial bank."*

The research findings also established that; *"social norms influence global strategy, the multi-domestic strategy, transnational strategy, efficiency, risk management, learning, innovation, and competitiveness in cross-border banking by Kenya commercial bank."*

4.4.1.3 Regression model

The regression model used for the development of the appropriate framework Chi-square was 13.9 and statistically significant ($p<0.05$). The finding implies that the structure had a good test of fit. The coefficient of determination (R2) was 0.30 which indicated that overall, the regression framework explained 30% of the variation in competitiveness. The p-value for the regression coefficient for the transnational strategy was less than 5% significance level indicating that transnational strategy had a significant positive influence on competitiveness.

Regression model provides that adaptation of global strategy improves competitiveness by 9.3%, multi-domestic strategy contributes competitiveness by 24.8%, and transnational strategy contributes to competitiveness by 36.6%. The

transnational strategy combines elements of global and multi-domestic strategy while being moderated by the political and socio-cultural environment. The multi-domestic and transnational strategy had a positive and significant effect on competitiveness. However, global strategy alongside, the multi-domestic and transnational strategy was not substantial.

The most appropriate framework for competitiveness is a combination of global and multi-domestic with elements of multi-domestic and global strategies. Aspects of the dimensions of global, multi-domestic, and transnational strategies have been identified using factor analysis and descriptive statistics for development of the model.

4.4.1.4 Factor analysis

Confirmatory factor analysis used factors extracted from the model is a global strategy, multi-domestic strategy, transnational strategy, political environment, social, cultural environment and competitive advantage. The different components have been described as follows: Global; same policies, standard products global dynamics, and centralisation. While the multi-domestic strategy is explained by factors; unique marketing strategies, use of different policies, independent human resource management, novel management strategies, and decentralisation. The transnational strategy represented by knowledge sharing, specific operations, research, and development. The political environment described by the regulatory framework, supervision, political stability, the judicial system, and political system. The social, cultural context explained by cultural norms and social norms. The component of competitiveness is defined by efficiency, risk management, learning, and innovation. The questions for each latent factor provided in the last column.

4.4.1.5 Cross-border framework

The empirically derived framework highlighted that the transnational strategy is the most appropriate strategy for competitiveness combining both global and multi-domestic strategy. Political and socio-cultural environments moderate the transnational approach and competitive advantage. Different attributes of transnational by mixing multi-domestic with global strategy. The sub variables or critical elements for global configuration are Centralisation, standard procedures, similar policies, organisation structures, global dynamics, and universal appeal. On the other hand, the sub-variable or critical elements for multi-domestic

strategy are decentralization, different procedures, different policies, different organisation structures, different marketing approaches, flexibility, local responsiveness, local dynamics, and local appeal. Integration of the elements of global and multi-domestic is appropriate for completion. The transnational strategy, therefore, means hybrid procedures, hybrid policies, integrated structures, global dynamics, and universal appeal. Political and socio-cultural environments moderate the process for the development of the transnational strategy through interaction between the multi-domestic and global strategy for competitiveness.

4.4.2.0 Qualitative findings

By the research design adopted by the researcher, the mixed sequential explanatory design consisted of two distinct phases; quantitative followed by qualitative (Creswell, Plano Clark, *et al.*, 2003). The researcher subsequently undertook qualitative data collection and analysis. The researcher at this second stage of data collection and analysis used qualitative methods of collection and analysis. The researcher used thick description theory in qualitative data analysis by use of MAXqda qualitative data analysis software.

The approach systematically followed the process of data analysis; reflection, conceptualisation, cataloguing of concepts, recoding, linking and re-evaluation. Qualitative software provided the researcher with qualitative findings and interpretation of the qualitative part of the data. The qualitative body of knowledge was compared with the quantitative body of knowledge to determine the level of data convergence.

4.4.2.1 Experiences employees on the quantitatively Derived Model

Quantitative findings of the most appropriate model for competitiveness to highlight the most appropriate aspects for enhancement of competitiveness were synthesized to examine similarities and differences critically. Qualitative results stressed that the quantitatively derived model reflects reality in competitiveness in cross-border banking.

The findings explained the dynamics of competitiveness in cross-border banking. Qualitative studies are concerned with the explanation of social phenomenon

focusing on peoples behaviour is the effect of events on people, culture influence, and development (McGloin, 2008:45).

Qualitative evaluation of the derived framework established that the frame was appropriate for competitiveness. The transnational strategy combines both elements of the multi-domestic and global strategy being moderated by political and socio-cultural environments. The different attributes of transnational are to be employed by the bank to be competitive in cross-border banking. The transnational strategy involves mixing elements of multi-domestic with global strategies to come up with the transnational approach. The sub variables or critical factors for global configuration are centralisations, standard procedures, similar policies, organisation structures, global dynamics, and universal appeal. On the hand, the sub-variable or critical elements for multi-domestic strategy are decentralization, different procedures, different policies, different organisation structures, different marketing approaches, flexibility, local responsiveness, local dynamics, and local appeal. Integration of the elements of global and multi-domestic is appropriate for completion. The transnational strategy, therefore, means hybrid procedures, hybrid policies, integrated structures, glocal dynamics, and glocal appeal. Political and socio-cultural environments moderate the development of the transnational strategy through interaction between the multi-domestic and global strategy for competitiveness.

The study found out political ideology, political history, and political systems of the home and subsidiary countries influence cross-border strategy and competitiveness.

4.4.3.0 Synthesis of findings

Synthesis of the mixed methods involved a critical examination of divergences and convergence between the quantitative and qualitative findings. The points of convergence and divergence were essential for refining and explanation of statistical results by exploring the participants' views in more depth (Crossman & Wilson, 1985; Tashakkori & Teddlie, 1998; Creswell, 2004). The qualitative statements that supported the quantitative data were used in supporting the quantitative data. The explanations are backing the phenomena established in quantitative data analysis in report writing.
The researcher didn't ignore points of divergence between the quantitative and qualitative this in comparison with the reviewed literature, facilitated in the process of building more credible framework.

4.4.3.1 Validation of the quantitatively derive Framework

Quantitative findings of the most appropriate model for competitiveness to highlight the most appropriate aspects for enhancement of competitiveness were synthesized to examine similarities and differences critically. The critical elements in the framework were subjected to be analysed using qualitative findings.

To this end, McGloin (2008:45) argued that qualitative research is concerned with the explanation of a social phenomenon focusing on people's behaviour being the effect of events on people, cultural influence, developments and differences in social groups. Thus, the qualitative phase of the study facilitated the expression of experiences which couldn't be expressed in numbers (Strauss & Corbin, 2003, Berg, 1989). It emphasized understanding from the participant's point of view, interpretation and the rational approach, observations and measurements in natural settings, subjective and insider view and closeness to the data. Therefore, the researcher intended to determine what exists in the peoples' minds regarding their opinions on the derived cross-border framework and whether or not they perceived it as a reasonable reflection of reality in the Kenya Commercial Bank (Strauss & Corbin, 1998). Also, to indicate whether the research outcome fits the actual situation and contributes positively towards the success and competitiveness of the bank. The synthesis of mixing quantitative and qualitative is presented in ***figure 4-54*** below.

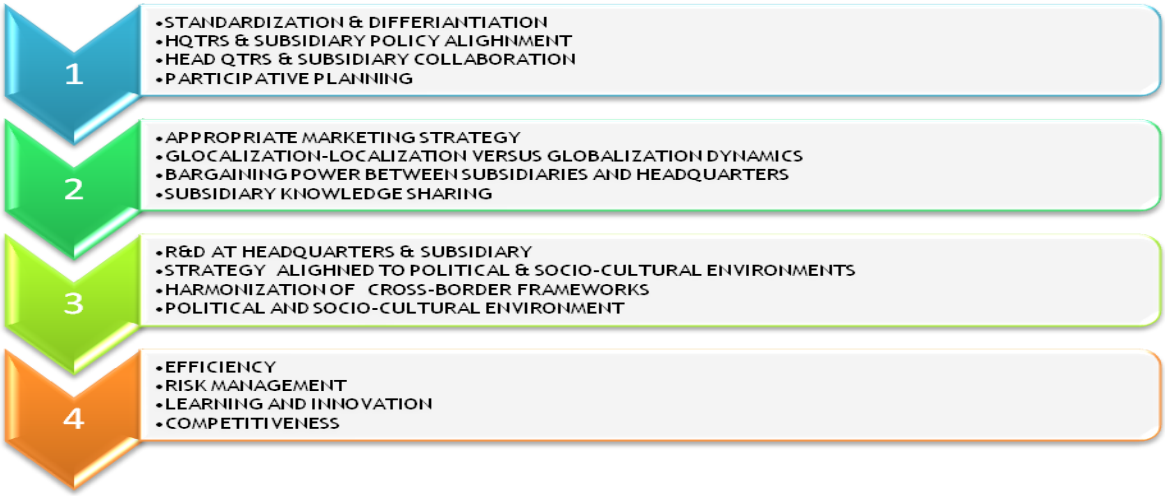

Figure 4-53: Synopsis of a validated framework variable in cross-border banking

Validation of the framework using semi-structured and unstructured interviews conducted for understanding essential aspects highlighted in the frame. An assessment of model by examining lived experiences of the Kenya Commercial Bank employees regarding the applicability of the quantitatively derived framework. The interviews also sought to provide a thick description of the quantitative structure acquired. The findings presented in a simplified ***figure 4-54*** provide insight on the aspects which qualitative study established.

The findings agreed that the derived model appropriately enhances competitiveness. The bank has to pursue standardization and differentiation, planning, policies, procedures, standards, management strategies, marketing strategies, global versus local dynamics, global versus local appeal, bargaining power of the subsidiaries, knowledge sharing, research and development and specialised services in the affiliate. Political and socio-cultural environments appropriately moderate cross-border strategy and competitiveness. The critical aspects of competitiveness are efficiency, risk management, learning, and innovation.

4.4.3.2 Political environment on strategy and competitiveness

Qualitative findings of the influence of political climate on cross-border strategy and competitiveness were synthesized to examine similarities and differences critically. Divergences and convergence were assessed to facilitate the development of an appropriate model or framework for competitiveness. Summary of the synthesis provided in ***figure 4-55*** below.

Figure 4-54: Synopsis of the variables for political environment in cross-border banking

The quantitative and qualitative studies established that political environment influences competitiveness in cross-border business. The political climate was a regulatory framework, supervision, collaboration, political stability, the political system in the home and subsidiary country influence strategy and competitiveness. The qualitative part of the study confirmed that regulatory framework, supervision, collaboration, political stability and political system influence cross-border strategy and competitiveness. The qualitative statements were used for backing quantitative findings. The explanations are backing the phenomena established in quantitative data analysis in report writing.

However, the qualitative findings established new evidence as opposed to quantitative results. Further evidence derived from the qualitative phase of the study highlighted that political ideology, political history, judicial system, supervision in the home country and political history in the home country and subsidiary influence competitiveness in cross-border banking.

The researcher undertook a critical examination of divergences and convergence between the quantitative and qualitative findings. The points of convergence and divergence were crucial for refining and explanation of statistical results by exploring the participants' views in more depth (Tashakkori & Teddlie, 1998; Creswell, 2004; Easterby et al., 2012).

4.4.3.3 Impact of socio-cultural environment on strategy and competitiveness in cross-border banking

Qualitative findings of the influence of socio-cultural environment on cross-border strategy and competitiveness were synthesized to examine similarities and differences critically. Divergences and convergence were assessed to facilitate the development of an appropriate model or framework for competitiveness. Summary of the synthesis provided in ***figure 4-56*** below.

Figure 4-55: Social norms highlighted both in quantitative and qualitative.

The quantitative study established that socio-cultural environment influences strategy together with competitiveness. Socio-cultural environment in the subsidiary and home country social norms with cultural norms influence strategy and competitiveness. The qualitative part of the study validated the findings that home and subsidiary social and cultural norms influence cross-border strategy and competitiveness.

However, the qualitative findings established further provided insight on new dimensions of socio-cultural influence on cross-border banking strategy and competitiveness. The new evidence highlighted by qualitative results was demographic characteristics, managerial philosophy, managerial mindset and national culture. The researcher undertook a critical examination of divergences and convergence between the quantitative and qualitative findings. The points of convergence and divergence were essential for refining and explanation of statistical results by exploring the participants' views in more depth (Crossman & Wilson, 1985; Creswell, 2004). The qualitative statements used in supporting the quantitative data by thick description theory. The explanations are backing the phenomena established in quantitative data analysis in the development of a final version of the most appropriate framework.

4.4.3.4 Challenges in cross-border banking

A critical evaluation of the impact of the research findings on the challenges faced by Kenya commercial bank provided insight on the different challenges faced by the bank.

Cross-border banks suffer political, economic and social difficulties in across the various jurisdictions. The quantitatively derived model highlighted that the model could enhance competitiveness by 30% underlining that for the bank to be competitive there was a need for the banking industry to understand other dynamics impacting on cross-border banking.

The synopsis of critical challenges faced by cross-border banks presented in ***figure 4-57*** below.

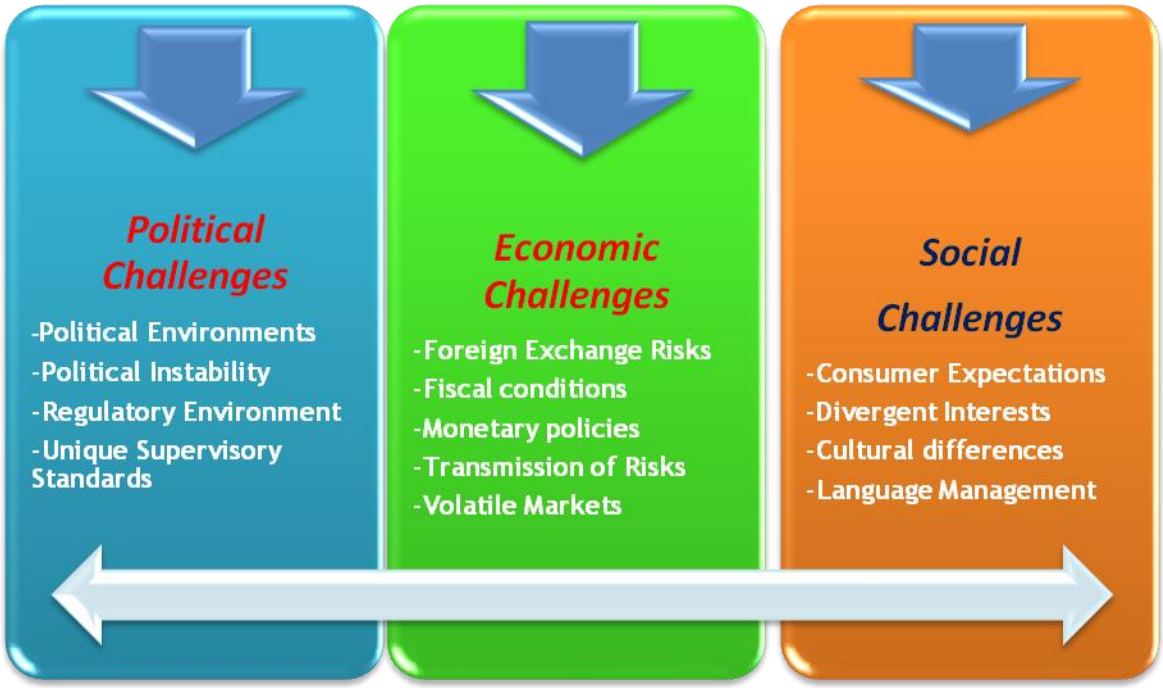

Figure 4-56: Synopsis of challenges faced in cross-border banking

The assessment of the implications of the research findings on the challenges faced by Kenya commercial bank provided insight on the different challenges faced by the bank. The challenges faced by the multinational bank involve: operations in different political environments, management of conflicting natural interests, foreign currency risk exposure, differences in fiscal conditions and macro-economic policies, divergent national supervisory standards and requirements, transmission of risks from one jurisdiction to another, political instability, changing regulatory environments, market volatility, changing consumer expectation and stiff competition in the banking industry.

4.4.3.5 Cross-border Framework for competitiveness

The researcher undertook a critical examination of divergences and convergence between the quantitative and qualitative findings. The points of convergence and divergence were essential for refining and explanation of statistical results by exploring the participants' views in more depth (Crossman & Wilson, 1985; Tashakkori & Teddlie, 1998; Creswell, 2004).

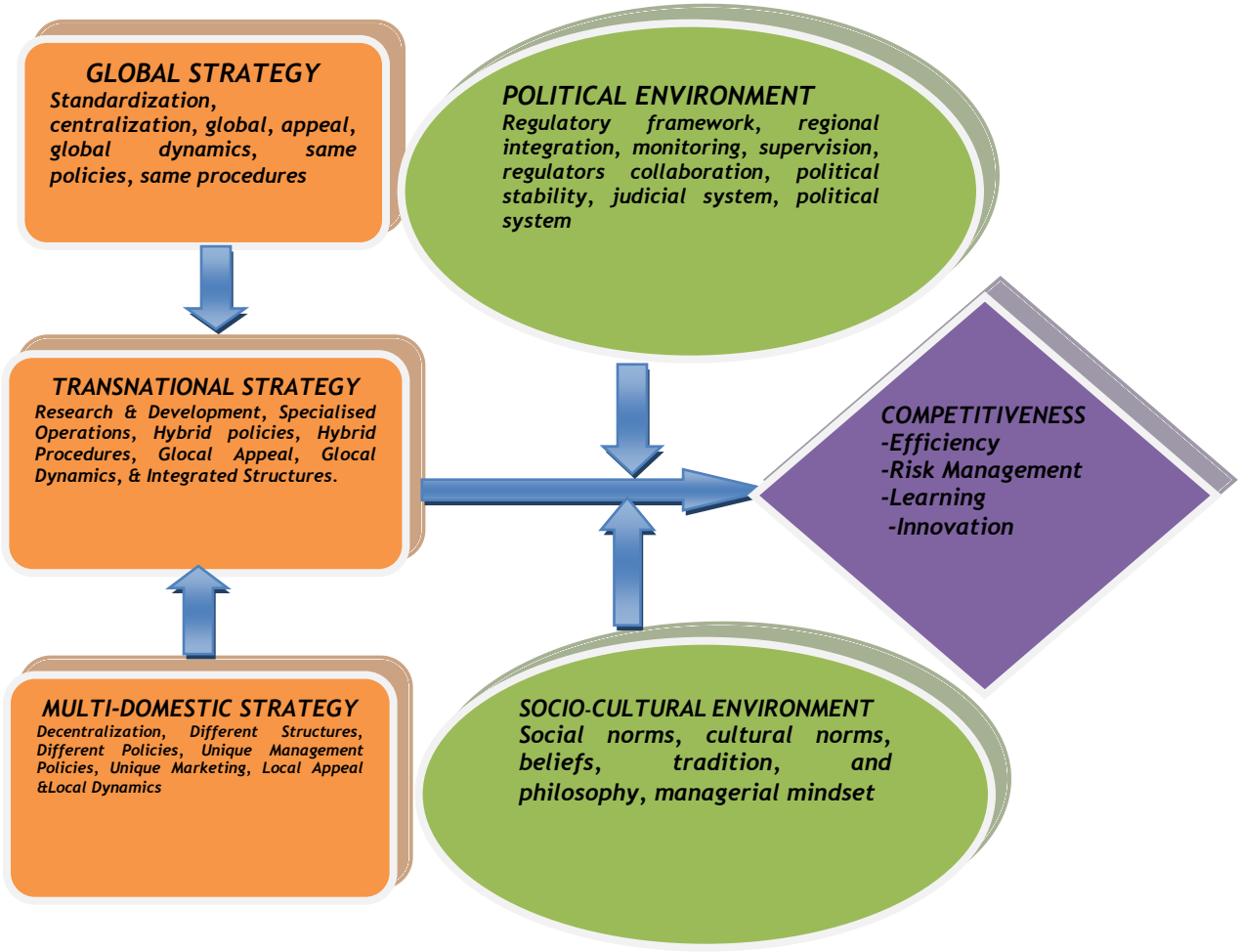

Figure 4-57: A final cross-border Framework for competitiveness

4.4.4.0 Conclusion

In conclusion, the most appropriate framework for competitiveness is transnational strategy combining both elements of the multi-domestic and global strategy being moderated by political and socio-cultural environments. The different attributes of transnational are to be employed by the bank to be competitive in cross-border banking. Transnationality involves mixing elements of multi-domestic with global strategies to come up with the transnational approach. The sub variables or critical factors for global configuration are centralisations, standard procedures, similar policies, organisation structures, global dynamics, and universal appeal.

On the hand, the sub-variable or critical elements for multi-domestic strategy are decentralization, different procedures, different policies, different organisation structures, different marketing approaches, flexibility, local responsiveness, local dynamics, and local appeal. Integration of the elements of global and multi-domestic is appropriate for completion. The transnational strategy, therefore, means hybrid procedures, hybrid policies, integrated structures, glocal dynamics, and glocal appeal. Political and socio-cultural environments moderate the process for the development of the transnational strategy through interaction between the multi-domestic and global strategy for competitiveness.

4.5.0 Chapter Summary

In summary chapter four presents findings, interpretations, and discussions on the quantitative and qualitative data which collected analysed. The chapter is divided into sections quantitative and qualitative section. Findings undertook both quantitative, qualitative and synthesis of the mixed methods. This was the development of an appropriate framework for cross-border competitiveness using quantitative and qualitatively validating the cross-border framework.

The first section focused on the development of an appropriate framework for competitiveness in cross-border banking. The framework was developed by critically examining the cross-border strategies: global, transnational, and multi-domestic in relation to competitiveness. Political and socio-cultural environments in relation to strategies and competitiveness were also assessed to evaluate the impact on strategy development and competitiveness of the bank. Research hypotheses were tested on the impact of political and socio-cultural environments on strategy and competitiveness. The different strategies were analysed on the basis of diverse aspects of competitiveness: efficiency, risk management, learning, and innovation. The study focused on the establishment of an appropriate framework for cross-border banking. In accordance with the mixed methodology which was used for data collection the data analysis also started with quantitative, followed by qualitative analysis. The quantitative findings were presented using descriptive, cross-tabulation, correlation, and regression. Furthermore, descriptive data been presented through the use of tables, pie charts, frequencies, percentages and figures for comparative purposes. Inferential statistics have been presented using correlation and regression analyses for the sake of tracing relationships. The relationships between the strategies employed with competitiveness were correlated and regressed, and

interpretations and discussions thereto have been provided. Regression analysis was used for development of an appropriate cross-border framework for competitiveness. Confirmatory factor analysis was used for confirmation of the variables relevant in the developed framework.

The second section of the study involved validation of the framework using qualitative data. The qualitative part of the study undertook to understand the experiences of the Kenya Commercial employees regarding quantitatively lived framework. The qualitative section also undertakes an assessment of the influence of the political and socio-cultural environments on cross-border strategy and competitiveness. The challenges and solutions to cross-border banking have been extensively discussed.

The third section provides synthesis of mixed methods based on the quantitative and qualitative findings. Synthesis of mixed involved assessing convergences' and divergences in data sets. Qualitative data enhanced quantitative findings therefore synthesis was critical in the final part of the study. Finally the chapter summary has been provided.

CHAPTER FIVE: SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

5.1 Introduction

The previous chapter dealt with the presentation of findings, interpretations, and discussions in context to the research problem and purpose. This chapter summarises, concludes and makes recommendations about the findings and discussions that were presented in the previous chapter.

The purpose of the study was to develop a framework for cross-border competitiveness by Kenya Commercial Bank. The chapter provides a summary and shows how the research problem, questions, objectives, and hypotheses have been satisfied. The contributions to a body of knowledge on the cross-border ventures have been highlighted. The researcher has synthesized the findings from the quantitative and qualitative study to come up with summaries. Finally, the recommendations, limitations of the research and suggestions for research have been briefly discussed.

The following section provides the summary findings of the cross-border framework for competitiveness by Kenya Commercial Bank.

5.2 Summary of findings and conclusions

The summary of findings and conclusions have been summarised according to the objectives of the study in relation to the different thematic areas; global strategy, multi-domestic strategy, transnational strategy, regulatory environment, and socio-cultural environment. Based on the above findings and discussions summary of the findings are presented based on the findings of the objectives of the study. The main objective of this study was the development of an appropriate framework for the competitiveness of the Kenya Commercial Bank. The framework was quantitatively developed and validated using of qualitative data.

In order to fulfill the above main research objective, six specific objectives were outlined at the onset of this study as well. The summaries and conclusions in accordance with the objectives of the study provided below.

- To use the quantitative research survey methods to develop a quantitatively derived framework to determine the effect of global, a multi-domestic and transnational strategy on gaining a competitive advantage by Kenya Commercial Bank in Kenya.

- To quantitatively test the hypotheses developed from theory regarding the influence of political and socio-cultural environments on cross-border strategies and competitiveness by Kenya Commercial Bank.

- To evaluate the effect of the political environment as well as the socio-cultural environment on cross-border strategy and competitiveness by Kenya Commercial Bank in Kenya.

- To qualitatively assess the lived experiences of the Kenya Commercial Bank employees regarding the applicability of the quantitatively derived framework on the influence of cross-border strategies for gaining a competitive advantage by Kenya Commercial Bank.

- To integrate and cross- validate the findings of the qualitative and quantitative research methodologies into a mixed framework that the Kenya Commercial Bank can use in gaining competitive advantage

- Critically assess the implications of the research findings on the challenges faced by Kenya Commercial Bank in gaining competitive advantage and the solutions thereto.

5.3.1 Development of a quantitatively derived framework to determine the effect o cross-border strategy for on gaining competitive advantage

The framework Chi-square was 13.9 and statistically significant ($p<0.05$). This implied that the framework had a good test of fit. The coefficient of determination (R2) was 0.30 which indicated that overall, the regression framework explained 30% of the variation in competitiveness.

The p-value for the regression coefficient for the transnational strategy was less than 5% significance level indicating that transnational strategy had a significant positive influence on competitiveness. The regression coefficient suggests that adoption of the transnational strategy would improve competitiveness by 36.6%.

A similar finding was observed for the effect of multi-domestic strategy though its influence was less significant compared to the effect of transnational strategy. The coefficient indicates that adoption of the multi-domestic strategy improves competitiveness by 24.8%. This implied that both multi-domestic and transnational strategies had a positive and significant effect on competitiveness.
In contrast, the effect of Global strategy alongside, multi-domestic and transnational strategies was not significant. The descriptive findings provide insight into the phenomena for global, multi-domestic and transnational strategies.

5.3.1.1 Global strategy

Descriptive statistics provided insight that some factors under the global strategy enhance competitiveness. Findings in relation to global strategy highlighted that KCB undertakes centralised planning (74%), use of the same policies enhances efficiency (27.4%), risk management (30.4%), learning and innovation (10.1%), standardisation of products and services enhances efficiency (81.9%), risk management (71.4%), learning and innovation (33.4%), focusing on global appeal enhances efficiency (65.8%), risk management (67.4%), learning and innovation (67.6%), focusing on global dynamics enhance efficiency (76.9%), risk management (67.2%), learning and innovation (93.6%). Generally, the pursuit of global strategy enhances efficiency, risk management, learning, and innovation. This is mainly by the pursuit of a global appeal, global dynamics in banking and global appeal enhances all aspects of competitiveness; efficiency, risk management, learning, and innovation. However, standardisation enhances only efficiency and risk management.

This is in agreement with inferential statistics which highlight that there was a strong significant positive relationship between Pursue cross border to capture global appeal and Pursue cross-border banking to respond to global dynamics (rho = 0.643, P-value<0.01), weak significant positive relationship between Pursue cross border to capture global appeal and efficiency (rho = 0.31, P-value<0.01), between Pursue cross border to capture global appeal and risk management (rho =0.599, P- value<0.01) and there is a significantly strong positive relationship between pursuit of cross border banking to capture global appeal and learning and innovation (rho =0.749, P-value<0.01).

There were weak significant positive relationship between Pursue cross-border banking to respond to global dynamics and efficiency (rho= 0.295, P-value<0.01),

but a strong positive relationship between Pursue cross-border banking to respond to global dynamics and risk management (rho= 0.582, P- value = 0.019) and very strong relationship between pursuit of cross-border banking to respond to global dynamics to learning and innovation (rho = 0.704, P-value = 0.008).

5.3.1.2 Multi-domestic strategy

Descriptive statistics generally provided a picture that socio-cultural environment largely influences the cross-border strategy and competitiveness. The findings under multi-domestic strategy highlighted that KCB undertakes decentralised planning (82.5%), KCB uses different organisation structure (67.2%), use of different marketing strategies enhances efficiency (86.6%), risk management (77.4%), learning and innovation (80.6%), use of different policies in the subsidiaries enhances efficiency (75.2%), risk management (64.4%), learning and innovation (94.5%), independent HR management enhances efficiency (69.2%), risk management (78.5%), learning and innovation (76.7%), employment of different management strategies enhance efficiency (83%), risk management (88.5%), and learning and innovation (95.1%). The summary of descriptive data provides insight that multi-domestic strategy generally enhances efficiency, risk management, learning and innovation and generally competitiveness. This is by use of decentralised policies, use of different organisation structures, use of different policies across subsidiaries, independent management of HR and use of different management strategies across subsidiaries enhances competitiveness; efficiency, risk management, learning, and innovation.

Inferential statistics also provided that there was significant positive relationship between bank standardises operations across subsidiaries and use independent marketing strategies at subsidiaries (rho= 0.29, P-value<0.01), between bank standardises operations across subsidiaries and Use different policies in subsidiaries (rho=0.456, P-value<0.01), between bank standardises operations across subsidiaries and efficiency (rho=0.445, P-value<0.01), between bank standardises operations across subsidiaries and risk management (rho= 0.389, P-value<0.01) and between bank standardises operations across subsidiaries and learning and innovation (rho=0.397, P-value<0.01).

There was strong significant positive relationship between use independent marketing strategies at subsidiaries and Use different policies in subsidiaries

(rho=0.656, P- value<0.01), weak positive relationship between use independent marketing strategies at subsidiaries and efficiency (rho=0.373, P-value<0.01), between use independent marketing strategies at subsidiaries and risk management (rho=0.349, P-value<0.01) and between use independent marketing strategies at subsidiaries and learning and innovation (rho= 0.287, P-value<0.01).

Finally, there was a weak significant positive relationship between use different policies in subsidiaries and efficiency (rho=0.398, P- value<0.01), between Use different policies in subsidiaries and risk management (rho =0.319, P-value<0.01) and between Use different policies in subsidiaries and learning and innovation (rho = 0.310, P-value<0.01).

5.3.1.3 Transnational strategy

Descriptive statistics generally provided a picture that transnational strategy enhances competitiveness. The findings are highlighted that KCB subsidiaries have bargaining power with headquarters (73.8%), KCB subsidiaries have limited flexibilities in policies (75.2%), knowledge sharing between subsidiaries enhances efficiency (96.1%), risk management (91.3%), learning and innovation (99.2%), subsidiaries undertaking specialised operations enhances efficiency (42.3%), risk management (44.5%), learning and innovation (62.3%), research and development enhances efficiency (84.9%), risk management (83%) and learning and innovation (94.7%). Transnational strategy generally enhances efficiency, risk management, learning and innovation and generally competitiveness. Knowledge sharing, research and development enhance competitiveness. However, subsidiaries undertaking specialised don’t enhance competitiveness.

Inferential statistics highlight that there was a positive relationship between Share knowledge with other subsidiaries and efficiency (rho= 0.747, P-value<0.01), between Share knowledge with other subsidiaries and risk management (rho=0.714, P-value <0.01) and between Share knowledge with other subsidiaries and learning and innovation (rho=0.822, P-value<0.01).

There was significant positive relationship between specialised function in the bank to support the bank and efficiency (rho = 0.791, P-value<0.01), between specialised function in the bank to support the bank and risk management (rho =

0.792, P-value<0.01) and finally between specialised function in the bank to support the bank and learning and innovation (rho = 0.806, P-value<0.01).

5.3.1.4 Regulatory environment

Descriptive statistics generally provided a picture that regulatory environment largely influences the cross-border strategy and competitiveness. In summary the quantitative data regarding the influence of regulatory environment on cross-border strategy and competitiveness highlights that the subsidiary regulatory environment influences cross-border strategy 83.5%, subsidiary regulatory environment on competitiveness 85%, home regulatory framework on competitiveness 64.5%, home regulatory framework on cross-border strategy influence on competitiveness 61.4%, monitoring and supervision in the subsidiary jurisdiction influence on strategy 78.5%, monitoring and supervision in the subsidiary jurisdiction influence on competitiveness 81.9%, monitoring and supervision by home regulator influence ion strategy 57.8%, monitoring and supervision by home regulator influence on competitiveness 48.7%, collaboration between subsidiary and home regulator influence on strategy 97.9%, collaboration between the subsidiary and home regulators influence on competitiveness 83%, political stability influence on strategy 75.1%, political stability in the subsidiary jurisdiction on competitiveness 76.7%, political stability in the home country influence on strategy 84.7%, political stability in the home country influence on competitiveness 84%, judicial system in the subsidiary influence on strategy 38.2%, judicial system in the subsidiary influence on competitiveness 43.9%, political ideology in the subsidiary influence on cross-border strategy 40.6%, political ideology in the subsidiary influence on competitiveness 52.2%, political ideology in the home country influence on strategy 66%, political ideology in the home country influence on competitiveness 27.2%, political system in the subsidiary influence in cross-border strategy 72%, political system in the subsidiary influence on competitiveness 73.7%, political system in the home country influence in cross-border strategy 69.6%, political system in the home country influence on competitiveness 70.9%, political history in the subsidiary influence on cross-border strategy 42.6%, political history in the subsidiary influence on competitiveness 45.4%, political history in the home country influence on cross-border strategy 39.4% and political history in the home country influence on competitiveness 42.1%.

5.3.1.5 Socio-cultural environment

Descriptive statistics generally provided a picture that socio-cultural environment largely influences the cross-border strategy and competitiveness. Descriptive data highlighted that subsidiary cultural norms influence strategy (88.3%), subsidiary social norms influence competitiveness (86.3%), home cultural norms influence strategy (67.7%), home cultural norms influence competitiveness (76.9%), home social norms influence marketing strategy (53.7%), home social norms influence customer care (39.6%), subsidiary cultural norms influence marketing strategy (81.1%), cultural norms in the subsidiary influence customer care (76.4%), home country cultural norms influence on marketing strategy (55.9%), and cultural norms in the home country influence customer care (41.5%).

5.3.1. 6. Competitiveness

The majority of the respondents generally agree that cross-border banking enhances efficiency, risk management, learning and innovation and generally competitiveness. Most of the respondents 86% agreed that cross-border banking enhances efficiency, 90% agreed that it enhances risk management and 91% agreed that enhance learning and innovation.

5.3.2 Testing the hypotheses developed from theory regarding the influence of political and socio-cultural environment on cross-border strategies and competitiveness by Kenya Commercial Bank.

Hypotheses developed from theory hypothesized that political and socio-cultural environments influence cross-border strategy and competitiveness. The summary of findings for the derived hypotheses established that both political and socio-cultural environments had a significant relationship with strategy and competitiveness.

The correlation coefficient for the relationship between Political environment and multi-domestic strategy was 0.4 and statistically significant ($p<0.05$). This implied that the political environment had a positive and significant relationship with multi-domestic strategy. The hypothesis that *"the political environment influences the multi-domestic strategy which eventually affects competitiveness"* was

therefore accepted. Similarly, the correlation coefficient for the relationship between political environment and transnational strategy was also significant with a correlation coefficient of 0.5 and $p<0.05$. The hypotheses that; "*political environment influences transnational strategy which eventually affects competitiveness"* was also accepted.

The correlation coefficient for the relationship between social, cultural environment and multi-domestic strategy was 0.6 and statistically significant ($p<0.05$). This implied that the social, cultural environment had a positive and significant relationship with multi-domestic strategy. Consequently, the hypotheses that; *"social, cultural environment influences the multi-domestic strategy which eventually affects competitiveness"* was accepted. Similarly, the correlation coefficient for the relationship between social, cultural environment and transnational strategy was also significant with a correlation coefficient of 0.4 and $p<0.05$. The hypotheses that; "*social, cultural environment influences transnational strategy which eventually affects competitiveness"* was also accepted.

In conclusion, the quantitative study established that both political and socio-cultural environments have a significant relationship with strategy and competitiveness.

5.3.3 An assessment of the lived experiences of the Kenya Commercial Bank employee on applicability of the quantitatively derived framework

An assessment using qualitative methodology was undertaken on the lived experiences of Kenya Commercial bank employees regarding the applicability of the quantitatively derived framework on the influence of cross-border strategies for gaining a competitive advantage by Kenya Commercial bank was undertaken.

The qualitative part of the study validated the framework and provided more insight on its applicability by Kenya Commercial Bank. The study established that cross-border banking by Kenya Commercial Bank enhanced competitiveness. The bank increased competitiveness in the dimensions of efficiency, risks management, learning, and innovation. Cross-border banking has increases profitability, reputation, customer base, market share, revenue, bank deposits, corporate image, investors confidence, share holder value, growth of the balance sheet, shareholder base, a strong brand name, maintained the position in Kenya

of being the largest bank, favourable business environment, efficiency, effectiveness, risk management, learning and innovation.

Qualitative evaluation of the derived framework established that the framework was appropriate for competitiveness. The transnational strategy combines both elements of multi-domestic and global strategies being moderated by political and socio-cultural environments. This implies that the different attributes of transnational are to be employed by the bank in order to be competitive in cross-border banking. This involves mixing elements of multi-domestic with global strategies to come up with transnational strategy. The sub variables or critical elements for global configuration are centralisations, standard procedures, similar policies, organisation structures, global dynamics, and global appeal. On the hand, the sub-variable or critical elements for multi-domestic strategy are decentralization, different procedures, different policies, different organisation structures, different marketing approaches, flexibility, local responsiveness, local dynamics, and local appeal. Integration of the elements of global and multi-domestic is appropriate for completion. The transnational strategy, therefore, means hybrid procedures, hybrid policies, integrated structures, glocal dynamics, and glocal appeal. The process for the development of the transnational strategy through interaction between the multi-domestic and global strategies is moderated by political and socio-cultural environments for competitiveness.
The study found out political ideology, political history, and political systems of the home and subsidiary countries influence cross-border strategy and competitiveness.

In conclusion, the study established that the most appropriate strategy for competitiveness in cross-border banking is a transnational strategy. The employees confirmed that the most appropriate framework for competitiveness in cross-border banking. The lived experience of the employees of Kenya Commercial Bank also confirms that transnational strategy the combination of multi-domestic and global strategies enhances efficiency, risk management, learning, and innovation. The assessment confirmed in order for the bank to become more competitive the bank has to provide hybrid procedures, hybrid policies, and integrated structures, pursue globalisation as well as localization, and undertake knowledge to share between subsidiaries, conduct research, and development. The employees also acknowledged that political and socio-cultural environment influence cross-border strategy and competitiveness.

5.3.4 Effect of political as well as socio-cultural environment on cross-border strategy and competitiveness

The qualitative evaluation was undertaken to establish the effect of political and socio-cultural environments on cross-border strategy and competiveness for Kenya commercial bank. The study established that socio-cultural as well as political environments influence cross-border strategy and competitiveness. Political and social cultural elements systematically influence actors and customers in the subsidiary and home country.

The study revealed that political environment in the subsidiary and home countries influence the cross-border strategy and competitiveness. This was effectively illustrated by descriptive and inferential statistics. The critical factors influencing subsidiary regulatory framework, home regulatory framework, monitoring and supervision by subsidiary, monitoring and supervision by home regulator, political stability in the subsidiary, political stability at home, political system in the subsidiary, political system at home, political history in the subsidiary, and political history at home influence cross-border strategy and competitiveness. However, the study also established that judicial system in the subsidiary, judicial system at home, political ideology in the subsidiary, political ideology at home are the regulatory elements that don't influence cross-border strategy and competitiveness.

In conclusion, the qualitative part of the study established that political and socio-cultural environment in the home country and subsidiary influence the cross-border strategy and competitiveness. The study established that political and socio-cultural environments in the subsidiary and home countries influence both cross-border strategy and competitiveness. The political environment influences cross-border strategy and competitiveness. Regulatory frameworks, supervision, collaboration between home and subsidiary regulators, political stability, the judicial system, political ideology, political history, and political system are the critical elements of the political environment influencing cross-border strategy and competitiveness. The qualitative study also established that socio-cultural norms influence cross-border strategy and competitiveness. This evidenced by subsidiary cultural norms, subsidiary social norms, home cultural norms, home social norms influence, strategy, marketing, customer care and competitiveness.

5.3.5 Integration and cross-validation of the findings for the qualitative and quantitative research methodologies for Kenya Commercial Bank

In summary, the most appropriate framework for competitiveness is transnational strategy combining both elements of multi-domestic and global strategies being moderated by political and socio-cultural environments. This implies that the different attributes of transnational are to be employed by the bank in order to be competitive in cross-border banking. This involves mixing elements of multi-domestic with global strategies to come up with an appropriate cross-border framework.

The sub variables or critical elements for global configuration are centralisations, standard procedures, similar policies, organisation structures, global dynamics, and global appeal. On the hand, the sub-variable or critical elements for multi-domestic strategy are decentralization, different procedures, different policies, different organisation structures, different marketing approaches, flexibility, local responsiveness, local dynamics, and local appeal. Integration of the elements of global and multi-domestic is appropriate for completion. The transnational strategy, therefore, means hybrid procedures, hybrid policies, integrated structures, glocal dynamics, and glocal appeal. The process for the development of the transnational strategy through interaction between the multi-domestic and global strategies is moderated by political and socio-cultural environments for competitiveness.

The qualitative study validated the framework and established that it was appropriate for competitiveness. The aspects which were critically examined in relation to the framework were standardisation and differentiation, planning, policies, procedures, standards, management strategies, marketing strategies, global versus local dynamics, global versus local appeal, bargaining power of the subsidiaries, knowledge sharing, research and development and specialised services in the subsidiary. It was established that political and socio-cultural environment in the home country and subsidiary influence the cross-border strategy and competitiveness. The study established that political and socio-cultural environments in the subsidiary and home countries influence both cross-border strategy and competitiveness. The political environment influences cross-border strategy and competitiveness. Regulatory frameworks, supervision, collaboration between home and subsidiary regulators, political stability, the judicial system, political ideology, political history, and political system are the critical elements of the political environment influencing cross-border strategy

and competitiveness. The qualitative study also established that socio-cultural norms influence cross-border strategy and competitiveness. This evidenced by subsidiary cultural norms, subsidiary social norms, home cultural norms, home social norms influence, strategy, marketing, customer care and competitiveness.

In conclusion, the most appropriate framework for competitiveness is transnational strategy combining both elements of multi-domestic and global strategies being moderated by political and socio-cultural environments. The transnational strategy, therefore, means hybrid procedures, hybrid policies, integrated structures, glocal dynamics, and glocal appeal. The process for the development of the transnational strategy through interaction between the multi-domestic and global strategies is moderated by political and socio-cultural environments for competitiveness.

In order for the cross-border bank to enhance competitive advantage needs to undertake standardisation and differentiation, planning, policies, procedures, standards, management strategies, marketing strategies, global versus local dynamics, global versus local appeal, bargaining power of the subsidiaries, knowledge sharing, research and development and specialised services in the subsidiary.

5.3.6 Assessment of the implications of the research findings on challenges faced by Kenya Commercial Bank and solutions

In conclusion assessment of the implications of the research findings on the challenges faced by Kenya commercial bank provided insight on the different challenges faced by the bank. The challenges faced by the bank are based on the dynamics as a result of operating in different jurisdictions providing different unique problems and challenges basically facing the entire banking industry. Kenya Commercial bank faces challenges as a result of cross-border banking include operations in different political environments, management of conflicting natural interests, foreign currency risk exposure, differences in fiscal conditions and macro-economic policies, divergent national supervisory standards and requirements, transmission of risks from one jurisdiction to another, political instability, changing regulatory environments.

However, the bank faces general challenges in the banking industry; market volatility, changing consumer expectation and stiff competition in the banking industry.

5.4 Contributions to the body of knowledge

This study has immense contributions to knowledge and practice that in many ways could be considered as original. The originality, in part, emanates from the comprehensiveness of the research problem, synthesis of diverse theoretical perspectives, empirical review and the rigorous methodology used for investigation of the cross-border phenomenon. The conceptualization provided a framework for the critical investigation of the cross-border framework in Africa.

The diverse strategies for cross-border banking were analysed with the external environments influencing the phenomenon. In this regard, the study highlights direct and indirect impacts of the political and socio-cultural environments. A major contribution to the existing literature on cross-border banking and also provides relevant insights to bankers, governments, as well as researchers especially in the context of developing economies.

An appropriate cross-border framework has been developed to harness competitiveness. The cross-border frameworks presented in the literature highlights the different cross-border levels of integration between the headquarters and subsidiaries. Global, multi-domestic, transnational and international cross-border frameworks emerge from diverse orientations of headquarters and subsidiaries. The global strategy involves enhancement of organisation products towards global competitiveness, multi-domestic requires improvement of business strategies towards local responsiveness as transnational strategy is a highbred between globalisation and localization. Literature in cross-border banking provides a broad spectrum of business frameworks for cross-border undertakings. Literature reviewed affirms that strategic thinking and action in an international context is about defining the geographic scope, competitive advantage, implications for the local activities, appropriate tradeoffs, and global integration of different activities. However, the most appropriate framework for cross-border for competitiveness has not been established. The choice of an appropriate framework for cross-border business in Africa is critical for the success of a cross-border investment in Africa. At a conceptual level, there are many similarities between designing a strategy that

can be used in one country only and creating a plan for some markets (Diaconu, 2012).

The new body of knowledge has been the cross-border framework critical in the competitiveness of Kenya Commercial Bank in East Africa. Different studies had generally discussed cross-border frameworks in cross-border banking. However, the extent to which competitive advantage was not established. The body of knowledge therefore is development of an appropriate framework for competitiveness of Kenya Commercial bank. An appropriate framework in cross-border banking was developed in the study. The framework involves mixing standardisation and differentiation, planning, policies, procedures, standards, management strategies, marketing strategies, global versus local dynamics, global versus local appeal, bargaining power of the subsidiaries, knowledge sharing, research and development and specialised services in the subsidiary. Cross-border bank acquires competitiveness using the mix of global and multi-domestic strategy. Competitiveness had remained a challenge, and it wasn't clear to what extent strategies employed to influence the situation that threatened the competitiveness in cross-border banking. Several studies have been carried out on cross-border trade in East Africa, these include: Achieng (2011), Mwende (2014), KCB (2013), KCB (2014), Ongore and Kusa (2013), Omollo (2015), Waweru (2014), Okungu, et al., (2014), and Ennis, (2014). However, this study developed an appropriate framework for competitiveness in East Africa. The framework provides insight on mechanisms for enhancement of efficiency, risk management, learning, and innovation.

Furthermore, the study undertook an assessment of the relevance of the theories in the process of determining the cross-border banking. Institutional, parent, dependency, inter-organisation bargaining, agency, cultural convergence, cultural divergence, cultural crossvergence, and social network theories attempt to provide insight on the cross-border dynamics by multinational companies. However, the arguments implored by theoretical propositions have variously emphasized either internal or external dynamics others general organisational dynamics. There is also an attempt to understudy the dynamics of the cross-border venture as independent from the diverse environments of the organisation. A critical examinations of the theories provided insight on the limitations of the international theories in cross-border banking. Critical analysis of cross-border theories demonstrates that patterns and characteristics of today's cross border trade are entirely different short falls in theoretical developments. The limitation between these theories is that they didn't illuminate how cross-

border dynamics evolve in the different unique environments. New knowledge generated in the process of developing the appropriate model is theoretical propositions and need for holistic approach in the process of undertaking cross-border banking. Subsidiary and head quarters business environments and actions for development of strategy and competitiveness. The study provided new lenses for viewing cross-border theoretical proposition and competitiveness. Gaps in the international theories were identified and critical attributes for filling adequately undertaken.

Global strategy which extensively discussed in the literature with different scholars highlighting the merits and demerits was examined. Most cross-border banks in Africa employ global strategy by standardising the services and therefore offering large corporate services across borders (Beck *et al.,* 2014). Whereas different scholars had basically appreciated attributes of the global strategy; centralisation, standardisation, and head quarters regulating subsidiaries tightly (Diaconu, 2012; Birnik, 2007; Buckley & Ghauri, 2015; Beck *et al.,* 2014). The previous studies highlighted issues in relation to emergence of the global strategy with different scholars providing different variables. However, the new body of knowledge in relation to global strategy in Kenya commercial bank emerged. The study provided insight on the mechanisms of emergence of the global cross-border framework from international theoretical perspective; institutional theory, parent, agency, cultural convergence, cultural crossvergence, and resource dependence theory. The study established the extent critical variables in the development of global strategy for competitiveness in Kenya Commercial Bank. Whereas other studies had previously highlighted that global strategy doesn't contribute to competitiveness. However, this study found out that global strategy was also competitive framework but less competitive framework than multi-domestic and transnational. Global strategy enhances competitiveness by 9% as opposed to other configurations. Furthermore, the study established that global strategy enhances efficiency and risk management in cross-border banking.

The study generated new body of knowledge in relation to multi-domestic cross-border framework. Academic literature was nuanced with characteristics of multi-domestic strategy; differentiation, decentralisation, different management strategies and localisation (Diaconu, 2011; Lessard, 2003; Birnik, 2007; D'Hulster & Ötker-Robe, 2014; Child, 2005). Multi-domestic strategy use structures that resemble federative structures, unlike the global strategy which uses unitary structures. Much of the literature discussed the unique characteristics of multi-

domestic configuration. Whereas, earlier scholars had critical impact of multi-national strategy on competitiveness; efficiency, risk management, learning, and innovation. However, limitation of earlier studies providing insight on the extent to which multi-domestic strategy enhances competitiveness in cross-border banking. This study provides an insight on the extent to which multi-domestic strategy enhances cross-border banking. The magnitude of the different variables identified in the process of undertaking multi-domestic strategy has been articulated. Further, more the study rates multi-domestic strategy as the second most important framework for cross-border banking in East Africa. It was established that multi-domestic strategy enhances competitiveness by 24% by Kenya Commercial Bank. The study provides insight on the extent of relevance of the multi-domestic strategy on the dimensions of efficiency, risk management, learning and innovation.

Transnational strategy which extensively discussed in the literature with different scholars highlighting the merits and demerits was examined. Transnational strategy on subsidiaries fulfilling diverse roles, and the headquarters undertakes the strategic task of coordination (Birnik, 2007; Buckley and Ghauri, 2015; Verbeke, 2013), transfer distinctive competencies within the network while heeding pressures for local responsiveness (Child, 2005). Earlier studies had found transnational strategy fitting well in a situation where sub-units must be sufficiently differentiated to confront diverse cultures and unique markets with different tastes and preferences (Luo and Shenkar, 2006). However, Kenya commercial bank was not explored. The new body of knowledge in relation to transnational strategy established that dynamics of the strategy in Kenya commercial bank. The study provided insight on the mechanisms of emergence of the transnational cross-border framework from international theoretical perspective; institutional theory, parent, agency, cultural convergence, cultural crossvergence, and resource dependence theory. Furthermore, the study provided insight on the extent critical variables in the development of transnational strategy for competitiveness in Kenya Commercial Bank. However, this study found out that transnational configuration as the most competitive framework enhances competitiveness by 34% as opposed to other configurations. Furthermore, the study established that transnational strategy enhances efficiency, risk management, learning and innovation in cross-border banking.

The cross-border framework developed significantly contributes to a new body of knowledge. The framework now explains the phenomenon highlighting as to why

Pan-African banks had become significant in Africa. Claessens & van Horen, 2014) exclaimed that “African cross-border banks have significantly increased from 1995 to 2009 almost doubling from 120 to 227, resulting in a rise of capital from 29 percent to 51 percent”. The cross-border banks incorporated within African continent jurisdictions predominantly South Africa, Morocco, Nigeria, and Kenya have taken on cross-border banking in Africa. However, there was no explanation to the emerging trend in cross-border banking. Becket al., (2014) explains that Eco bank tripled its affiliate network in Africa between 2000 and 2013 from 11 to 32 countries7; Nigeria's United Bank for Africa increased its footprint from 1 to 19 countries. Kenya Commercial Bank now has six affiliates, and yet there was none in 2000 (Beck et al., 2014). The developed model adequately explains the phenomenon which earlier studies acknowledged the emerging trend without explaining the changing dynamics of justify the phenomenon. Developed framework provides insight that Pan-African banks emergence as a result of convergence in the political and socio-cultural environment in Africa. Most cross-border banks in Africa employ global strategy by standardising the services and therefore offering large corporate services across borders (Beck et al., 2014). Strategies carefully crafted successful as a result of converging political and socio-cultural environments.

Furthermore, the study provides a new body of knowledge in cross-border banking in East Africa. Despite the long history of research on multinational operations across in Africa, most scholars undertook studies of multinationals in different continents. Cross-border undertakings have predominantly been in the product industry. The concept of cross-border banking very critically examined in Europe, Asia and South America. In the meantime, the practice of "cross-border banking" appears to be animated by persistent myths, with limited understanding of the strategies undertaken banks to gain a competitive advantage across different territories. This mythology, as Hambrick (Narayanan & Zane, 2009: 380) suggests, invite critical scholarly scrutiny. Narayanan and Zane's (2009: 381) work offers an epistemological vantage point for theory development in the case of cross-border banking and fuelled by the metaphor of inventing a framework for cross-border banking framework focused less on reviews of the existing literature and more on the possibilities of generating insights.

The study provides a new body of knowledge predominantly cross-border framework for competitiveness by Kenya commercial bank. Most studies have predominantly been on product. The cross-border banking studies in East African tended to focus on approaches for entering new markets (Beck *et al.,* 2014; Beck

et al., 2015). This is critical at a time now African banks becoming dominant in Africa as the next wave of direction is competitiveness; efficiency, risk management, learning and innovation.

The findings of the influence of home and subsidiary political and socio-cultural environment in home and subsidiary environment are critical in the development of a cross-border strategy for competitiveness. The environmental dynamism on banks strategic orientation and the subsequent impact of this variable on competitive advantage also provide new insight in the area. Different studies have argued the choice of diverse strategies multi-domestic, global, international and global but the framework establishing transnational strategy as the most appropriate strategy for cross-border banking original contributions of this study. The framework argues that responsiveness to the different political and socio-cultural environments is critical in cross-border banking. However, previous studies didn't come up with the critical attributes which managers have to examine in the process of undertaking determining strategy and competitiveness in cross-border banking. The study provided insight on the critical variables in home and subsidiaries in relation to political environment and socio-cultural environment. Political environment involved management of regulatory frameworks, supervision, collaboration, political stability, political system, political ideology, political history, judicial system and collaborative supervision by the headquarter regulator and subsidiary. Socio-cultural environment involved management of social norms, cultural norms, demographic characteristics, managerial mindset, management philosophy and national culture of the subsidiary and headquarters. New knowledge generated in cross-border banking was critical role played by the regulators of both countries in establishment of appropriate strategy and competitiveness of Kenya Commercial bank. This provides a basis for future researchers to examine further dynamics in relation to political and socio-cultural environments.

The insight obtained about the strategies for competitiveness and emphasis on cross-border banking is critical Pan-African banks taking competition globally and creating the necessary capabilities to survive and succeed in such an environment is also something peculiar to the context, which the current researcher reveals.

5.5 Recommendations

Recommendations are based on the findings and conclusions of this research; different recommendations are forwarded to bankers, the government, and other researchers in the area.

In order for Kenya Commercial bank to gain competitive advantage the bank has to employ transnational strategy but with an appropriate mix of global and multi-domestic strategy. The development of the appropriate transnational strategy employed needs to appropriately incorporate unique aspects of political and socio-cultural environments in the different jurisdictions. The bank has to undertake a proper assessment of multi-domestic and global characteristics in the different jurisdictions. Mixing global and multi-domestic involves incorporating different characteristics of both strategies while appropriately understanding of the similarities between political and socio-cultural environments in the home and subsidiary countries. The strategy employed by the bank has to appropriately mix standardisation and differentiation, planning, policies, procedures, standards, management strategies, marketing strategies, global versus local dynamics, global versus local appeal, bargaining power of the subsidiaries, knowledge sharing, research and development and specialised services in the subsidiary. This provides the bank with a competitive advantage; efficiency, risk management, learning, and innovation. Specifically, it's recommended that Kenya commercial bank undertakes the development of a competitive strategy by:

- **Providing mechanisms for standardisation and differentiation;** Kenya Commercial bank has to provide an appropriate mix of standardisation under the global strategy and differentiation under the multi-domestic strategy. This enables the bank to capture unique aspects of the different countries in terms of policies and cultures together with the collective elements that are critical for all the customers in the East African region. Differentiation, on the other hand, is critical for response to unique aspects of the different subsidiaries. The process of cross-border banking has to put in place mechanisms for mixing both standardisation and differentiation in the different subsidiaries in order to gain competitive advantage.

- **Encouraging participatory planning**; in order to gain competitive advantage, the bank has provided appropriate mechanisms for participatory planning at all levels of decision making. This provides

mechanisms for the development of strategy and competitiveness. Banks engaged in cross-border banking have to provide a mechanism for planning that incorporates the subsidiary and headquarters views in the process of cross-border banking. In order to gain competitive advantage cross-border banks have to put in place mechanisms for participatory planning between the subsidiaries and headquarters.

- **Development of policies aligned both to subsidiary and headquarters**; in order for Kenya Commercial Bank to be competitive the bank has to develop policies and procedure which are aligned with both subsidiary and headquarters environments. These provide the bank with an appropriate mix of integrating similar perspectives across subsidiaries and exploit unique, different characteristics in the subsidiaries. Decentralised policies are critical for customization of policies to local environments for enhancement of risk management, learning, and innovation. However, headquarters provide for integration of policies to the different subsidiaries and capturing of global dynamics and appeal.

- **Development of appropriate marketing strategies**; in order for Kenya Commercial Bank to be competitive the bank has to use marketing mix that standardises as well as using the different aspects of the different markets. The bank has to develop standard marketing adverts that capture the entire markets of operations as well as unique marketing attributes in the different markets. The process facilitates risk management, learning, and innovation. Appropriate mixing of marketing attributes automatically enhances competitiveness. Political and socio-cultural environments in different subsidiaries influence the success of the marketing strategy. However, the dynamics in the headquarters are equally critical in the process of enhancement of value.

- **Enhancing glocalisation**; the bank has to find an appropriate mix of globalisation and localisation. A hybrid strategy of effectively integrating the global dynamics and appeal with local dynamics and appeal. Cross-border banks have to continuously understand and anticipate the global and local dynamics in order to gain competitive advantage. This provides the bank with insight into the prevailing global dynamics which is critical for capturing both global and local appeal. Understanding of global dynamics in the industry provides a manager with appropriate insight for competitiveness.

- **Encouraging knowledge sharing between subsidiaries**; in order for cross-border banks have to encourage knowledge sharing between the subsidiaries. The process of knowledge sharing among the subsidiaries encourages learning of practice, exchange of experiences, improvement of practice, modeling of common strategy while appreciating differences. Knowledge sharing enables the bank to gain competitiveness through learning and innovation, risk management, and efficiency. These provide the bank with an appropriate mix of integrating similar perspectives across subsidiaries and exploit unique, different characteristics in the subsidiaries.

- **Providing mechanisms for bargaining between subsidiaries and headquarters**; the study established that cross-border competitiveness is enhanced by the provision of mechanisms for bargaining in the process of development of strategies to execute in the subsidiaries. Bargaining in the process of development of strategy facilitates critical analysis of the dynamics between the different subsidiaries and headquarters. This process is critical of creating structures which are similar and dissimilar across subsidiaries. The bargaining process is important for thinking and rethinking of approaches, strategies, policies, and management of subsidiaries. Thinking and rethinking provide the basis for competitiveness.

- **Encouraging research and development**; in order for Kenya Commercial Bank to be competitive, the bank has to undertake research and development both at the headquarters and subsidiaries. Research undertaken at the subsidiary level facilitates the development of unique strategies in the different subsidiaries while the headquarters research facilitates the development of integrating part of the strategy. Research and development in the subsidiaries and headquarters facilitate the enhancement of efficiency, risk management, learning and innovation across the bank.

- **Using appropriate management strategies**; the study established that a hybrid management structure embraces both localization and internationalization is more desirable for competitiveness. The management strategies adopted in the subsidiaries have to use different perspectives in the different subsidiaries and common aspects to encourage integration. The strategy has to undertake both centralization

and decentralization. Hybrid organisation structure is an appropriate framework because it provides dimensions for globalisation and localization.

- **Encouraging specialised services by subsidiaries**; In order for Kenya Commercial Bank to be competitive, the bank has to enable some subsidiaries to undertake specialization. Specialization enables the subsidiary to pilot some unique aspects that can be used by other subsidiaries to improve the banking process. This was established by both the quantitative and qualitative part of the study as providing a mechanism for competitiveness in cross-border banking.

- **Adopting cross-border banking as a remedy for competitiveness**; in order for the banks to gain a competitive advantage by undertaking cross-border banking. This provides cross-border bank operating in several jurisdictions has an opportunity to enhance efficiency, risk management, learning, and innovation. Banks operating in different location have an opportunity enhancing efficiency by finding cheap resources. Different locations offer efficiency in wages, rent, and interest rates, responding to changing demand patterns, economic policies, taxation, market structures and strategy. It's imperative therefore for banks seeking to enhance efficiency in their operations to engage in cross-border operations. Risk management is enhanced through diversification, addressing political risks, technology risks, cultural risks, strategy risks and compensation of low performance in the home market and other subsidiaries. The cross-border bank operating in several jurisdictions has an opportunity of acquiring new ideas, systems, processes, methods, approaches, technology, and techniques which are critical for competitiveness.

- **Mainstreaming political and socio-cultural environments to strategy;** in an appropriate strategy for competitiveness in cross-border banking has to understand the unique elements of the political and socio-cultural environment in the subsidiaries and headquarters. This supports the process of development of an appropriate strategy for competitiveness in the cross-border bank. Subsidiary and home country regulatory, monitoring and supervision, a collaboration between regulators, political stability, political system, political ideology, political history, the judicial system, social norms and cultural norms.

Regional initiatives have to be undertaken in order to benefit from cross-border banking. The primary recommendation is that medium and large scale manufacturing firms in the context should give due attention to what is going on in their external environment in general and the industry to which they belong in particular regarding the frequency of technological changes, the pace of innovativeness, the intensity of competition.

- **Fast tracking integration of East Africa**: East African community integration has been more of a political process without providing for appropriate technical integration where the mechanisms of integration from the different sectors provide for effective operations. The east African community needs to fast track the integration to allow movement of labour as this facilitates the process of sharing experiences from the different markets that therefore competitiveness of the East African banks as opposed to the foreign banks. The current East African integration process needs to be fast tracked to facilitate the processes for cross-border banking. This has left different actors basically undertaking initiatives without much policy supports. The study established that efforts provided are not adequate as different governments seem to be having reservations in the process. The study established whereas the initial perception was that establishment of the community would act as a driver for enhancement of strategy and competitiveness but evidence significance that there is limited intervention. Enhanced integration would provide adequate mechanisms for integration of socio-cultural and political environments for benefits of the member countries. It's imperative for the member countries to expedite the process for integration of East African community. The integration of the community would enhance the competitiveness of the regional banks as opposed to other pan African and other foreign banks.

- **Harmonisation of cross-border regulatory frameworks**: regulatory bodies in East Africa have to enhance cooperation to deal with the dynamics that come with cross-border banking appropriately. This is not a onetime venture, but it's a continuous process that requires continuous interaction between the regulators in East Africa. Differences in banking regulation provide an important push or pull for cross-border banking (Houston, Lin, and Ma, 2012). Credit market fragmentation reduces competitive pressures in the banking system (Bremus 2013); these can aggravate credit market distortions as a result of the dominance of

national banks (Bremus and Buch, 2013). The prevailing regulatory frameworks across the different jurisdictions are divergent and systematically encourage the emergence of more integrated frameworks international and global strategies Beck et al., 2014). Lack proper integration in East African region is due to divergences in the regulatory and policy frameworks together with structural and institutional weaknesses. East African Community members Uganda, Tanzania, Rwanda, Burundi and South Sudan have different regulatory frameworks shaping the different strategies and competitiveness by cross-border operating these jurisdictions. Regulatory harmonisation enhances consistency and predictability and significantly enhancing compliance and improving the competitiveness of regional banks as a result of the creation of a harmonized environment.

However, the harmonisations processes need to be undertaken with due care on convergence and divergence in the different jurisdictions as interests of the different countries have areas of divergence and convergence. Regulatory authorities in cross-border banking have to develop appropriate platforms and formats for regular information interchange with data providing for i) basic quantitative and qualitative characteristics of cross-border banks ii) supervisory data in relation to performance iii) regulatory frameworks with definitions underlying supervisory data and market intelligence (Beck *et al.,* 2014).

- **Establishment of Pan-African oversight of cross-border banking in Africa:** Global financial regulations provided under the global frameworks providing for greater global financial integration and harmony, sensitivity to changing macroeconomic conditions, coordination of the national regulators and monitor the shadow banking and provide for a global view of financial markets. This is critical for the effective functioning of the global economy. The current global organs like international monetary fund don't provide adequate mechanisms for effective improvement of cross-border banking in Africa as doesn't provide for adequate mechanisms like regional organs. This is further strengthened by the fact that failures in the global financial systems have proved inadequacies in the framework like Basel I, Basel II and Basel III. This regulatory body would compliment efforts by the global bodies and address specific unique issues affecting growth needs in Africa.

However, the unique aspects faced by regional economies are adequately addressed. In order to effectively regulate the unique aspects of African economies appropriate regulatory frameworks have to undertake to foster cross-border banking in Africa. This would further strengthen the regional banks with similar socio-cultural environments. Establishment of regional oversight organs at regional bodies like Regional focus would further provide for appropriate frameworks and supervisory actions by regional regulators to cascade the Basel 3. Pan African banks are now filling the gaps that have been left by international banks from Europe and Asia using regulatory frameworks from home and subsidiary countries being complimented by the Basel III. An appropriate framework needs to integrate innovative actions from regulators in Africa; South Africa, Morocco, Kenya, and Nigeria. Pan African oversight would enhance integration and strengthening of African financial sector. The Pan-African banks (PABs) would further drive development and innovation in Africa. The PABs are driving financial integration and inclusion and spurring innovation and competition. These homegrown institutions are filling a void left by the withdrawal and declining role of more traditional players, and moving to serve large unmet needs for financial services on the continent. Reflecting more advanced practices in Morocco, South Africa, and to a degree, Kenya and Nigeria, the PABs based there and their home authorities are also inducing host authorities to upgrade supervisory and accounting norms. Basel III provides appropriate mechanisms for cross-border banking consolidated supervision, harmonisation, joint inspections, and supervisory colleges provide a good mechanism for strengthening but Africa has more unique needs for increased financial deepening, and strengthening of a financial sector in the rural areas.

5.6 Possible limitations and direction for future research

Cross-border banking is critical for the competitiveness of the bank. My study undertook an assessment of cross-border banking strategies for competitiveness by Kenya Commercial Bank. The research study facilitated development of an appropriate framework for competitiveness in cross-border banking in East Africa. Identification of possible limitations is vital for recommendation of future research. This study may have different limitations associated with its design, coverage and data collection.

In regard to design, my choice of abductive strategy involved logical inference from observation to a theory which accounts for the observation, ideally seeking

to find the simplest and most likely explanation. The research approach is the path of conscious scientific reasoning (Pierce, 1931) adapted by the researcher while conducting the study. There are four basic research approaches; inductive, deductive, retroductive and abductive. However, the researcher undertook due care in the process of development methodologies and data collection on the basis of research paradigms. Future studies can undertake an investigation of the most appropriate framework by use of deductive, inductive, and retroductive approaches.

In relation to coverage, the study did not include all banks cross-border banks in East Africa as well as samples from operations of Kenya Commercial bank subsidiaries. Kenya Commercial Bank has operations in 6 East African Countries; Uganda, Tanzania, Rwanda, Burundi, South-Sudan, and Ethiopia. However, the study was conducted in three subsidiaries Uganda, Rwanda, and Burundi. Whereas due care is cluster sampling by selecting countries. Subsequent future studies can be undertaken in the remaining countries of Tanzania, and South Sudan. As a result, the findings and/or outcomes reported in this might not fully represent or reflect the situation cross-border banking in Kenya commercial Bank. The study also did not explain or address performance differences across different Kenya Commercial Bank branches but only selected Uganda, Rwanda, and Burundi. The findings and conclusions in the study, therefore, would not be taken as generalizations for cross-border banking in East Africa as a whole. Further studies need to include samples from entire region as well as other cross-border banks in East Africa in future studies. Apart from the above limitations, there is also difficulty in forming causality between variables as the study adopted a cross-sectional design.

The concept of cross-border banking has been in Africa for a long time right from the colonial period, independence, economic recession and period of liberalization. It would be interesting to undertake an assessment of the concept of cross-border banking in across the different dispensation. Researchers in the future, therefore, may conduct longitudinal studies in the area and explore causality between variables rather than only relationships as in the current study. In this study, the researcher was also limited to analyzing the responses of individuals as a proxy for cross-border strategies under the current dynamics.

However, a longitudinal study would provide insight the emergence of the concept and the mechanisms the concept has evolved over time. This is critical for the advancement of theory and practice in the field of cross-border banking.

The study was conducted for the regional bank Kenya Commercial Bank operations within the East African Region. However, the process of undertaking cross-border strategies framework for competitiveness by Pan-African Bank operating in another region; United Bank of Africa; Stanbic Bank operations across the different regions. A framework for cross-border strategies for competitiveness could be conducted in foreign international banks outside Africa like Standard Chartered Bank, Barclays Bank. The dynamics adopted by the European banks are critical in the further understanding of cross-border dynamics. A comparative study of the Pan-African Banks and the cross-border bank could be interesting in understanding the implications of the study.

5.7 Chapter Summary

The chapter undertakes to present the summary, conclusions, research implications and recommendations, contributions to a new body of knowledge, possible limitations and areas for future research, and final conclusion. The chapter commences with an introduction of the chapter highlighting areas covered in the chapter. Summary and conclusions have been presented objective by objective and systematically examining the phenomenon of cross-border banking using quantitative and qualitative findings. The conceptual framework for cross-border banking developed was validated, and variables for the framework have been triangulated.

The chapter provides insight on to a new body of knowledge in the field of cross-border banking in E. Africa. Possible limitations of the study have been discussed together with areas for further research has been suggested. The chapter ends with a final conclusion of the cross-border banking.

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APPENDICES

Appendix i –Request For Permission Kcb

The Chief Executive Officer

Kenya Commercial Banking Group

Kencom House, City Hall Way, City Centre

P.O Box 48400-00100

Nairobi Kenya

REQUEST FOR PERMISSION TO UNDERTAKE DOCTORAL STUDY ON CROSS-BORDER BANKING BY KENYA COMMERCIAL BANK

I am a doctoral student undertaking my studies in the Graduate School of Business Leadership University of South Africa. In accordance to the requirements for Doctorate in Business Leadership the candidate is supposed to make a contribution to society by undertaking a study in society and undertake advancement of knowledge in a business field. This must be undertaken by doing a research and writing a report to be presented to the panel of examiners. The student also presents the findings to the organization a means of giving back to society.

The topic of my study is **"Development of an appropriate framework for cross border Banking: A case study of Kenya Commercial Bank."** The proposal and methodology for the study was presented before the University panel of examiners that subsequently gave me the go ahead to carry out the study by means of collecting data and analysing data as per approval of the committee.

The purpose of this letter therefore is to seek for permission to undertake this study in Kenya Commercial Bank.

Yours Sincerely**,**

John Michael Maxel Okoche

DBL-Student UNISA

Student no. 78365279

Appendix ii –Request For Permission Nacosti

National Commission for Science, Technology and Innovation

8th - 9th Floor, Utalii House

off Uhuru Highway, Nairobi

P. O. Box 30623, 00100

Nairobi KENYA

REQUEST FOR PERMISSION TO UNDERTAKE DOCTORAL STUDY ON CROSS-BORDER BANKING BY KENYA COMMERCIAL BANK

I am a doctoral student undertaking my studies in the Graduate School of Business Leadership University of South Africa. In accordance to the requirements for Doctorate in Business Leadership the candidate is supposed to make a contribution to society by undertaking a study in society and undertake advancement of knowledge in a business field. This must be undertaken by doing aa research and writing a report to be presented to the panel of examiners. The student also presents the findings to the organization a means of giving back to society.

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The purpose of this letter therefore is to seek for permission to undertake this study in Kenya Commercial Bank.

Yours Sincerely**,**

John Michael Maxel Okoche
DBL-Student UNISA
Student no. 78365279

Appendix iii: Letter Of Introduction

Dear respondent,

I am a student pursuing a doctorate in Business Leadership from University of South Africa.

I am carrying out the research study on the critical examination of cross border strategies for competitiveness employed by financial institutions Organizations in East Africa for gaining competitive advantage in East Africa: a case study of Kenya Commercial Bank. This study aims at examining the influence of cross border strategies employed by Kenya Commercial Bank for gaining competitive advantage in East Africa.

Your experience, knowledge of cross border strategies employed by Kenya Commercial Bank has made you key respondent in this study. You are therefore humbly requested to fill this questionnaire carefully.

You do not have to indicate your name anywhere in the questionnaire but the information that you give was be treated as confidential and used for the purpose that was intended.

I am very grateful for your kindness and support for the research.

Kindest regards,

Okoche John Michael Maxel

University of South Africa

Appendix iv: Workplan For The Study

S/NO.	ACTIVITY	3/7/2014	2//2/2015	25/2/2016	3/3/2016	23/5/2015	15/6/2016	30/6/2016	1/7/2016	1/8/2016	14/8/2016	15/8/2016	26/9/2016	30/10/17
1.	Research seminar													
2.	Literature Review and preparation of proposal													
3.	First Colloquium													
4.	Methodology and proposal preparation													
5.	Second Colloquium													
6.	Research Instruments Preparation													
7.	Data Collectors Training													
8.	Research Instruments Pretesting													
9.	Data Collection													
10.	Data Analysis													
11.	Report Writing													
12.	Third Colloquium													
13.	Thesis Submission													

Appendix v: Budget For The Study

Proposed budget for the study

	Item	**Unit**	**Unit cost**	**Amount Shs.**
1.	Printing Paper	7	600	4,200
2.	Note Books	10	1,000	10,000
3.	Pens	10	50	1,000
4.	Typing Services	Lump sum	16,000	30,000
5.	Payment of Data collectors	3	3,000	64,000
6.	Data Analyst	1	20,000	20,000
7	Language Editor	1	35,000	35,000
8.	Transport	10	13,100	131,000
9.	Miscellaneous	Lump sum	10,000	10,000
	Total			**250,200**

Appendix vi: Questionnaire

RESEARCH QUESTIONNAIRE FOR KCB MANAGERS, EMPLOYEES, AGENTS, CUSTOMERS AND POLICY MAKERS ON THE STRATEGIES FOR COMPETITIVENESS IN THE CROSS BORDER ORGANIZATION.

The information needed is purely for academic purposes and shall be treated confidentially. We do not require you to indicate your name. We request you kindly to provide objective responses.

SECTION A – DEMOGRAPHIC INFORMATION – INFORMATION IN THIS SECTION IS FOR STATISTICAL PURPOSES ONLY

Please select one option

1) Category of the respondent

Employee	1
Agent	2
Regulator	3
Corporate Customer	4

2) Country of the participant

Uganda	1
Rwanda	2
Burundi	3
Kenya	4

3) Your gender

Male	1
Female	2

4) Your age in years?

18 – 29	1
30 – 39	2
40 – 49	3
50 – 59	4
60+	5

5) Religion

Catholic	1
Anglican	2
Moslem	3
Pentecostal	4
Others	5

6) What is your highest educational qualification?

Secondary Education	1
Certificate	2
Diploma	3
Bachelor's degree	4
Honours degree or other 4-year degree	5
Masters degree	6
Doctoral degree	7

7) How long in complete years have you been employed in your organisation?

Less than a year	1
1 – 5 years	2
6 – 9 years	3
10 years or more	4

8) Which ONE of the following best describes your position within the organisation?

Top Management (Chief Executive Officer, Managing Director level)	1
Senior/Middle Management (Departmental Head, Business Unit Head level)	2
Lower Management	3
Other (please specify)	4

B. CROSS BORDER STRATEGIES:

Where 5=strongly Agree, 4=Agree, 3=Not sure, 2=Disagree, and 1=strongly disagree

Select your choice by putting your mark (X) in the appropriate box

B.1	**Global Strategy** **Where 5=strongly Agree, 4=Agree, 3=Not sure, 2=Disagree, and 1=strongly disagree** **Select your choice by putting your mark (X) in the appropriate box**					
		5.Strongly agree	***4***	***3***	***2***	***1.strongly disagree***
9.	KCB Headquarters undertake centralised planning and budgeting across subsidiaries					
10.	KCB strategies standardisation to capture global appeal operations.					
11.	Use of the same systems and procedures across subsidiaries improves efficiency by KCB					
12.	Use of the same systems and procedures across-subsidiaries increases efficiency by KCB					
13.	Use of the same systems and procedures across-subsidiaries increases learning and innovation by KCB					
14.	Centralised Planning and budgeting in the headquarters improves efficiency by KCB					
15.	Centralised Planning and budgeting in the headquarters improves risk management by KCB					
16.	Centralised Planning and budgeting in the headquarters improves innovation by KCB					

17.	Pursuit of global responsiveness will improve efficiency by KCB					
18.	Pursuit of global responsiveness will improve risk management by KCB					
19.	Pursuit of global responsiveness will improve innovation and learning by KCB in cross-border operations					
20.	Focusing on the local markets will improve efficiency by KCB in cross-border operations					
B.2	**Multi-domestic Strategy** **Where 5=strongly Agree, 4=Agree, 3=Not sure, 2=Disagree, and 1=strongly disagree** **Select your choice by putting your mark (X) in the appropriate box**					
		5.Strongly agree	***4***	***3***	***2***	***1.strongly disagree***
17.	KCB branches have completely different organization structures across-subsidiaries					
18.	KCB Headquarters budgets for subsidiary branches					
19.	Use of different marketing strategies by subsidiaries improves Efficiency by Kenya Commercial bank					
20.	Use of different marketing strategies by subsidiaries improves Risk Management by Kenya Commercial bank					
21.	Use of different marketing strategies by subsidiaries improves Learning and Innovation by Kenya Commercial Bank					
22.	Use of different policies by subsidiaries adopted to the local environments improves efficiency by KCB					
23.	Independent human resource management at subsidiaries improves competitiveness by KCB					
24.	Independent human resource management at subsidiaries improves competitiveness					
25.	Independent human resource management at subsidiaries improves efficiency by KCB					
26.	Employment of different strategies subsidiaries improves risk management by KCB					
27.	Employment of different strategies subsidiaries improves learning and innovation by KCB					
B.3	**Transnational Strategy** **Where 5=strongly Agree, 4=Agree, 3=Not sure, 2=Disagree, and 1=strongly disagree** **Select your choice by putting your mark (X) in the appropriate box**					
		5.Strongly agree	***4***	***3***	***2***	***1.strongly disagree***
28.	KCB subsidiary branches have bargaining power while negotiating with headquarters					
29.	Limited flexibility in the policies of the subsidiaries with local environments					

30.	Knowledge sharing between the subsidiaries improves Efficiency By Kenya Commercial Bank					
31.	Knowledge sharing between the subsidiaries improves Risk Management By Kenya Commercial Bank					
32.	Knowledge sharing between the subsidiaries improves Learning and Innovation By Kenya Commercial Bank					
33.	Cross-border branches undertake specialised operations to support the parent company improves efficiency by KCB					
34.	Cross-border branches undertake specialised operations to support the parent company improves Risk Management by KCB					
35.	Cross-border branches undertake specialised operations to support the parent company improves Learning and Innovation by KCB					
36.	R&D undertaken by specialised branches enhances competitiveness by KCB					
B.4	**International Strategy** **Where 5=strongly Agree, 4=Agree, 3=Not sure, 2=Disagree, and 1=strongly disagree** **Select your choice by putting your mark (X) in the appropriate box**					
		5.Strongly agree	***4***	***3***	***2***	***1.strongly disagree***
37.	KCB uses policies and procedures in the subsidiary exactly the same with the home country					
38.	Coping products that are effective in Kenya Branches improves efficiency by KCB					
39.	Coping products that are effective in Kenya Branches improves Risk Management by KCB					
40.	Coping products that are effective in Kenya Branches market improves Learning and Innovation by KCB					
41.	Undertaking customer care in the subsidiaries in the same way like in Kenya improves efficiency by KCB					
42.	Undertaking customer care in the subsidiaries in the same way like in Kenya improves Risk Management by KCB					
43.	Undertaking customer care in the subsidiaries in the same way like in Kenya improves Learning and Innovation by KCB					
B.5	**Political Environment** **Where 5=strongly Agree, 4=Agree, 3=Not sure, 2=Disagree, and 1=strongly disagree** **Select your choice by putting your mark (X) in the appropriate box**					
		5.Strongly agree	***4***	***3***	***2***	***1.strongly disagree***
44.						

45.	The strategies used by KCB are influenced by the political environments in the subsidiaries					
46.	The political systems in subsidiaries influence products provided by KCB					
47.	Legislation influences marketing strategies adopted by KCB					
48.	Policies adopted by regulators determine the products and services offered by KCB					
49.	Policies adopted by the regulator in Kenya influence the strategies adopted KCB in the subsidiaries					
50.	Policies adopted by regulators influences tastes and preferences of the customers by KCB					
51.	Policies by regulators influence competitiveness by KCB					
52.	Policies by regulators influence planning and budgeting by KCB					
53.	Policies by regulators influence marketing by KCB					
54.	The legal systems in subsidiary countries influences competitiveness by KCB					
55.	Political history in the subsidiary influence the strategies and competitiveness by KCB					
56.	Administration of justice by courts influence competitiveness by KCB					
57.	Policies adopted by regulators in Kenya influence subsidiary operations by KCB					
B.6	**Socio-cultural environment** **Where 5=strongly Agree, 4=Agree, 3=Not sure, 2=Disagree, and 1=strongly disagree** **Select your choice by putting your mark (X) in the appropriate box**					
		5.Strongly agree	***4***	***3***	***2***	***1.strongly disagree***
58.	Social norms influence strategies employed by KCB					
59.	Social norms influence competitiveness by KCB across the borders					
60.	Cultural orientations influence the strategies used across borders					
61.	Cultural norms influence marketing across borders					
62.	Cultural norms influence customer service across borders					
63.	Cultural orientations in the home country influence service delivery in the subsidiaries					
64.	Adaptation of cultural orientation in the subsidiaries improves efficiency by KCB					
65.	Tastes and preferences in subsidiaries influence the					
B.7	**COMPETITIVENESS**					

	Where 5=strongly Agree, 4=Agree, 3=Not sure, 2=Disagree, and 1=strongly disagree **Select your choice by putting your mark (X) in the appropriate box**					
66.	KCB operating across borders improves efficiency of the Bank					
67.	KCB operating across borders improves Risk Management of the Bank					
68.	KCB operating across borders improves Learning and Innovation of the Bank					
69.	KCB operating across borders improves competitiveness					

Thank you for your participation

Appendix vii: Interview Headquarters Management

INTERVIEW GUIDELINE FOR TOP MANAGEMENT AND MANAGEMENT OF CROSS-BORDER BANKING IN THE HEADQUARTERS

Name of Interviewee: _____

Organisation: _____

Designation: _____

Date of Interview: _____

SECTION A – BACKGROUND INFORMATION

1) Your gender

Male	1
Female	2

2) Your age in years?

18 – 29	1
30 – 39	2
40 – 49	3
50 – 59	4
60+	5

3) What is your highest educational qualification?

Certificate	3
Diploma	
Bachelor's degree	4
Masters degree	6
Doctoral degree	7

4) How long in complete years have you been employed in your organisation?

Less than a year	1
1 – 5 years	2
6 – 9 years	3
10 years or more	4

5) How common was it to experience competing demands between global/regional integration initiatives and requirements for local market responsiveness?

6) How did you feel about dealing with competing demands? 3. What impact, if any, did competing demands have on how you managed your work?

Specific questions if tension was established:

7) In what areas of the business were the competing pressures the highest?
8) If there was tension, what were the reasons behind the tension?
9) Did you discuss the tension explicitly in the management team? In what way?
10) What strategies/tactics did you use to manage/cope with tensions? [Key question to spend considerable time on during the interview]
11) What worked well/not so well? Why?
12) Would you have done anything differently with hindsight? Why?
13) What learning can you derive from your experience?
14) What in your view is a viable strategy for the Kenya Commercial Bank?
15) What are the challenges of cross-border banking faced by KCB?

16) Please suggest the possible solution to the challenges highlighted above?

17) Which strategy is more appropriate for cross-border banking?

18) Should Kenya Commercial bank pursue one strategy across the different Countries? Why?

19) Are there opportunities in policy employed in Kenya in order for KCB to exploit opportunities in East African Countries?

20) Which policy is prevailing in the different countries that can be exploited by Kenya Commercial bank?

Thank you for your participation

Appendix viii: Interview Guide For Regulators

INTERVIEW GUIDELINE FOR THE REGULATORS IN SUBSIDIARY COUNTRIES

Interview guide: Regulators in Rwanda, Uganda, and Burundi.

The information needed in this interview is purely for academic purposes and shall be treated confidentially.

Name of Interviewee: _____

Organisation: _____

Designation: _____

Date of Interview: _____

SECTION A – BACKGROUND INFORMATION

1) Your gender

Male	1
Female	2

2) Your age in years?

18 – 29	1
30 – 39	2
40 – 49	3
50 – 59	4
60+	5

3) What is your highest educational qualification?

Certificate	1
Diploma	2
Bachelor's degree	3
Masters degree	4
Doctoral degree	5

4) How long in complete years have you been employed in your organisation?

Less than a year	1
1 – 5 years	2
6 – 9 years	3

10 years or more	4

5) Which ONE of the following best describes your position within the organisation?

Top Management (Chief Executive Officer, Managing Director level)	1
Senior/Middle Management (Departmental Head, Business Unit Head level)	2
Lower Management	3
Other (please specify)	4

6) What is your country policy towards foreign investment?
7) Are there policies for protection of local banks?
8) Are there policies for encouragement of foreign banks?
9) Are there policies for management of banks from other countries? If yes
10) What challenges do you face with foreign banks?
11) What are limitations of Kenya Commercial Bank?
12) What aspects of your political environment are critical for the success of a foreign bank?
13) How does your political history affect the banking environment?
14) Are there mechanisms for collaboration between your government and home government of foreign bank for this case the Central bank of Kenya?
15) What are the challenges of cross-border banking faced by KCB?

16) How do you rate the performance of Kenya Commercial bank?

a. Identify areas of good performance and poor performance? Why?
b. What are areas of tension between the strategies adopted by the bank with the different local environments?

17) How are you managing the dynamics across the borders?

c. What lessons learnt about the dynamics in the cross-border?

18) What recommendations for improved performance of Kenya commercial in your country?

Thanks you for participating

Appendix ix: Interview Guide For Subsidiary Employees

INTERVIEW GUIDELINE FOR THE EMPLOYEES IN THE SUBSIDIARIES

Interview guide: Employees in the subsidiaries of Rwanda, Uganda, and Burundi.

The information needed in this interview is purely for academic purposes and shall be treated confidentially.

Name of Interviewee: _____

Organisation: _____

Designation: _____

Date of Interview: _____

SECTION A – BACKGROUND INFORMATION

1) Your gender

Male	1
Female	2

2) Your age in years?

18 – 29	1
30 – 39	2
40 – 49	3
50 – 59	4
60+	5

3) What is your highest educational qualification?

Less than Grade 12 (Not completed school)	1
Grade 12 (Completed school)	2
Post school diploma or certificate	3
Bachelor's degree	4
Honours degree or other 4-year degree	5
Masters degree	6
Doctoral degree	7

4) How long in complete years have you been employed in your organisation?

Less than a year	1
1 – 5 years	2
6 – 9 years	3
10 years or more	4

5) Which ONE of the following best describes your position within the organisation?

Top Management (Chief Executive Officer, Managing Director level)	1
Senior/Middle Management (Departmental Head, Business Unit Head level)	2
Lower Management	3
Other (please specify)	4

6) What are the challenges of cross-border banking faced by KCB?

7) How is the bank managing the dynamics across the borders?

8) What is the influence of the culture on the strategies employed by KCB?

9) What is the influence of regulators to competitiveness of KCB?

10) What lessons learnt about the dynamics in the cross-border?

11) What are areas of tension between the strategies adopted by the bank with the different local environments?

12) Suggest solutions for appropriate mechanisms?

13) What are the challenges of cross-border banking faced by KCB?

14) What factors are critical for competitiveness of KCB?

15) Please suggest the possible solution to the challenges highlighted above?

Thank you for your participation

Appendix x: Interview Guide For Agents Of Kcb

INTERVIEW GUIDELINE FOR THE AGENTS IN THE SUBSIDIARY BRANCHES COUNTRIES

Interview guide: Sampled Agents in Rwanda, Uganda, and Burundi.

The information needed in this interview is purely for academic purposes and shall be treated confidentially.

Name of Interviewee: _____

Organisation: _____

Designation: _____

Date of Interview: _____

SECTION A – BACKGROUND INFORMATION

1) Your gender

Male	1
Female	2

2) Your age in years?

18 – 29	1
30 – 39	2
40 – 49	3
50 – 59	4
60+	5

3) What is your highest educational qualification?

Less than Grade 12 (Not completed school)	1
Grade 12 (Completed school)	2
Post school diploma or certificate	3
Bachelor's degree	4
Honours degree or other 4-year degree	5
Masters degree	6
Doctoral degree	7

4) How long in complete years have you been employed in your organisation?

Less than a year	1

1 – 5 years	2
6 – 9 years	3
10 years or more	4

5) Is KCB competitive in comparison to the local Banks? Justify

6) Is KCB competitive in comparison to other foreign banks? Justify

7) Is KCB effectively responding to the demands of customers? Justify

8) Is KCB appropriately responding to local policies?

9) Is KCB effectively responding to local tastes and preferences? Justify

10) What are areas of tension between the strategies adopted by the bank with the different local environments?

11) What are the challenges of cross-border banking faced by KCB?

12) What factors are critical for competitiveness of KCB in your Country?

13) Please suggest the possible solution to the challenges highlighted above?

Thank you for your participation

Appendix xi: Letter Of Methodology

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Email: sbl@unisa.ac.za Website: www.unisa.ac.za/sbl

9 June 2016

TO WHOM IT MAY CONCERN

The title of Mr JMM Okoche doctoral thesis is:

"Developing an appropriate cross border model to enhance competiveness of the Kenya commercial bank"

This letter serves to confirm that **Mr JMM Okoche** student number **78365279** is a registered student with Unisa Graduate School of Business Leadership studying for his Doctor of Business Leadership degree.

Mr Okoche presented research methodology which was accepted at the colloquium that was held on the 23rd of May 2016 at Unisa Graduate School of Business Leadership.

For further enquiries please do not hesitate to contact the undersigned.

Thank you for your co-operation.

Yours sincerely

Ms T Seopa
Programme Administrator (DBL)
UNISA Graduate School of Business Leadership
Cnr Janadel and Alexandra Avenues
MIDRAND
1686

Tel: (011) 652 0210
Email: tseopa@unisa.ac.za

UNISA GRADUATE SCHOOL OF BUSINESS LEADERSHIP
09 JUN 2016

Building leaders who go beyond

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UNISA

Appendix xii: Statement Agreeing To Comply With Unisa Ethical Principles

I, ***Okoche John Michael Maxel*** (full name of main researcher), declare that I have read the Policy on Research Ethics of UNISA and the contents of this document are a true and accurate reflection of the methodological and ethical implications of my proposed study. I shall carry out the study in strict accordance with the approved proposal and the Policy on Research Ethics of Unisa. I further undertake to inform the research ethics review committee of the SBL in writing of any adverse events that occur arising from the injury or harm experienced by the participants in the study. I shall also notify the SBL research ethics review committee if any changes to the study are proposed. I shall maintain the confidentiality of all data collected from or about the research participants, and impose strict controls in the maintenance of privacy. I shall record all data captured during interviews in accordance with ethical guidelines outlined in my proposal. Paragraph 5 of the Policy on Research Ethics places huge emphasis on the integrity of the research and I shall ensure that I conduct the research with the highest integrity taking into account Unisa's Policy for Copyright Infringement and Plagiarism. No data that was gathered retrospectively will be used. I acknowledge that as main researcher it is my responsibility to ensure that the co-researchers to this research project adhere to the ethical principles set out in the Unisa Policy on Research Ethics.

2015/06/8th

(Signature of applicant) (Date)

2) Approved by supervisor (if applicable)

I ***Dr. G.N. Molefe*** (name of supervisor) declare that I have checked that this form is complete and I subsequently approve the submission of the proposal for ethical clearance. If applicable, I will ensure that the student reports unanticipated problems or serious adverse events to the RERC.

GN Molefe ***28th June, 2016***

(Signature) (Date)

3) Approved by co-supervisor (if applicable)

I Dr G N Molefe (name of supervisor) declare that I have checked that this form is complete and I subsequently approve the submission of the proposal for ethical clearance. If applicable, I will ensure that the student reports unanticipated problems or serious adverse events to the RERC.

GN Molefe ***28th June, 2016***

(Signature) (Date)

Appendix xiii: Confidentiality Commitment By The Researcher

10th June, 2016

The Group Chief Executive Officer
Kenya Commercial Banking Group
Kencom House, City Hall Way, City Centre
P.O Box 48400-00100
Nairobi Kenya

ADHERENCE TO HIGHERST LEVEL OF ETHICAL CONDUCT IN THE COURSE OF MY STUDY

Reference is made to permission to undertake the Doctoral Research Study in Kenya Commercial Bank. I am grateful for the opportunity and support by allowing me to conduct the study in your Bank. However, reference is made to our discussion in relation to the secrets of the Bank strategy and business of Kenya commercial bank and staff.

In accordance to the requirements for Doctorate in Business Leadership and Research ethics committee of University of South Africa the study is supposed to be undertaken with highest level of ethical consideration. My study on the topic **"The Cross-border framework to enhance competitiveness: A case study for the Kenya Commercial Bank."**

The purpose of this letter therefore is to assure you that will comply with all the ethical standards of anonymity, confidentiality, informed consent, and beneficence and no harm to the respondents.

Yours Sincerely,

John Michael Maxel Okoche

DBL-Student UNISA

Student no. 78365279

Appendix xiv: Request Letter For Research Participation

Dear Participant

I am a DBL (Doctor of Business Leadership) candidate with UNISA's SBL (School of Business Leadership). My intended research primarily is to develop an appropriate framework for cross-border framework for competitiveness. My topic is "The Cross-border framework to enhance competitiveness: A case study of Kenya Commercial Bank."

You have been selected to participate in the research because of your knowledge and expertise on the subject. You are kindly requested to participate in this research by completing a questionnaire to be emailed in due course. You are assured that your input will be treated with confidentiality and your responses will be used solely for the purpose of the research. Further, your anonymity is guaranteed as participants' names will not be divulged in the theses or any other way. The questionnaire should take approximately 45 minutes to complete.

The questionnaire will comprise of open and closed ended questions.

Your participation is voluntary and you are assured that your input will be extremely valuable for the success of the intended research. There will be no consequences for non-participation.

The interview data to be gathered will be kept for five years after publication and will be disposed of in an appropriate manner thereafter.
Details of myself and my promoter are included below for your perusal.
This study has been approved by the SBL Research Ethics Committee (certificate number) which can be produced by the researcher if required.

Researcher

Name: Mr JMM Okoche

Signature:
Telephone: +254-705471212
Email: okochem@gmail.com

Research Promoter

Name: DR. GN. Molefe
Cell / Telephone: 082 41 68 791
Email: molefgn@vodamail.co.za

Kindly complete the consent form as an indication of your willingness to participate.
The researcher will email the questionnaire to you to be completed at your convenience.

Appendix xv: Request Letter For Interview Participation

Dear Participant

I am a DBL (Doctor of Business Leadership) candidate with UNISA's SBL (School of Business Leadership). My intended research primarily is to develop an appropriate framework for cross-border competitiveness. My topic is "The Cross-border Framework for Competitiveness: A case study of Kenya Commercial Bank."

You are kindly invited to participate in this research through an interview discussion because of your knowledge and expertise on the subject. You are kindly requested to participate in this research on a date to be scheduled. You are assured that your input will be treated with confidentiality and your responses will be used solely for the purpose of the research. Further, your anonymity is guaranteed as participants' names will not be divulged in the theses or any other way. The interview should take approximately 45 minutes to 1 hour of your time.

The interview will be face-to-face and will be audio recorded. A semi structured questionnaire will be the instrument to gather the required information.
Your participation is voluntary and you can be assured that your input will be extremely valuable for the success of the intended research. There will be no consequences for non-participation.

The interview data to be gathered will be kept for five years after publication and will be disposed of in an appropriate manner thereafter.

Details of myself and my promoter are indicated below for your perusal.
This study has been approved by the SBL Research Ethics Committee (certificate number) which can be produced by the researcher if required.

Researcher
Name: Mr JMM Okoche

Signature:
Telephone: +254-705471212
Email: okochem@gmail.com

Research Promoter
Name: DR. GN. Molefe
Cell / Telephone: 082 41 68 791
Email: molefgn@vodamail.co.za
Kindly complete the consent form as an indication of your willingness to participate. The researcher will contact you in due course to schedule the session at your convenience.

Appendix xvi: Appointment Letter Of Field Coordinator

Graduate School of Business Leadership, University of South Africa PO Box 392 Unisa 0003 South Africa
Cnr Janadel & Alexandra Avenue Midrand 1685 Tel: +27 11 652 0000 Fax: +27 11 652 0299
Email: sbl@unisa.ac.za Website: www.sblunisa.ac.za

26th August, 2016

Obilan Abubaker
umarsunge.1932@gmail.com

APPOINTMENT LETTER AS RESEARCH COORDINATOR RWANDA AND BURUNDI

Reference is made to the interviews for the position of field data collector in Rwnada and Burudi. This is to inform you that you have been appointed as field data coordinator for research teams in Rwanda and Burundi.

As a member of this research team of the study of Mr. Okoche John Michael Maxel, topic being **The Cross-Border model to enhance Competitiveness: A case of Kenya Commercial Bank,** I understand that I may have access to confidential information about study sites and participants. You are mandated to take due care and adhere to the highest level of confidentiality.

Your responsibilities in confidentiality have to maintain confidentiality and agree to the following:

- To ensure the information and data gathered specifically for the research is not shared with a third party without the consent of the researcher
- To not contact the respondents to discuss responses without the consent of the researcher
- I understand that names and any other identifying information about study sites and participants are completely confidential
- I agree not to divulge, publish, or otherwise make known to unauthorised persons or to the public any information obtained in the course of this research project that could identify the persons who participated in the study
- I understand that all information about study sites or participants obtained or accessed by

me in the course of my work is confidential. I agree not to divulge or otherwise make known to unauthorised persons any of this information, unless specifically authorised to do so by approved protocol or by the researcher acting in response to applicable law or court order, or public health or clinical need

- I understand that I am not to read information about study sites or participants, or any other confidential documents, nor ask questions of study participants for my own personal information but only to the extent and for the purpose of performing my assigned duties on this research project
- I agree to notify the researcher immediately should I become aware of an actual breach of confidentiality or a situation which could potentially result in a breach, whether this is on my part or on the part of another person.

Okoche John Michael Maxel

Researcher

Appendix xvii: Appointment Letter Data Collector

Graduate School of Business Leadership, University of South Africa PO Box 392 Unisa 0003 South Africa
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Email: sbl@unisa.ac.za Website: www.sblunisa.ac.za

26th August, 2016

Okello Gilbert

APPOINTMENT LETTER AS RESEARCH ASSISTANT

Reference is made to the interviews for the position of field data collector in Rwnada and Burudi. This is to inform you that you have been appointed as field data collector for the research team in Rwanda.

As a member of this research team of the study of Mr. Okoche John Michael Maxel, topic being **The Cross-Border model to enhance Competitiveness: A case of Kenya Commercial Bank,** I understand that I may have access to confidential information about study sites and participants. You are mandated to take due care and adhere to the highest level of confidentiality.

Your responsibilities in confidentiality have to maintain confidentiality and agree to the following:

- To ensure the information and data gathered specifically for the research is not shared with a third party without the consent of the researcher
- To not contact the respondents to discuss responses without the consent of the researcher
- I understand that names and any other identifying information about study sites and participants are completely confidential
- I agree not to divulge, publish, or otherwise make known to unauthorised persons or to the public any information obtained in the course of this research project that could identify the persons who participated in the study
- I understand that all information about study sites or participants obtained or accessed by me in the course of my work is confidential. I agree not to divulge or otherwise make known

to unauthorised persons any of this information, unless specifically authorised to do so by approved protocol or by the researcher acting in response to applicable law or court order, or public health or clinical need

- I understand that I am not to read information about study sites or participants, or any other confidential documents, nor ask questions of study participants for my own personal information but only to the extent and for the purpose of performing my assigned duties on this research project
- I agree to notify the researcher immediately should I become aware of an actual breach of confidentiality or a situation which could potentially result in a breach, whether this is on my part or on the part of another person.

Okoche John Michael Maxel

Researcher

Appendix xviii:Appointment Letter For Data Collector

Graduate School of Business Leadership, University of South Africa PO Box 392 Unisa 0003 South Africa
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26th August, 2016

Birungi Oliver

APPOINTMENT LETTER AS RESEARCH ASSISTANT

Reference is made to the interviews for the position of field data collector in Rwnada and Burudi. This is to inform you that you have been appointed as field data collector in Rwanda.

As a member of this research team of the study of Mr. Okoche John Michael Maxel, topic being **The Cross-Border model to enhance Competitiveness: A case of Kenya Commercial Bank,** I understand that I may have access to confidential information about study sites and participants. You are mandated to take due care and adhere to the highest level of confidentiality.

Your responsibilities in confidentiality have to maintain confidentiality and agree to the following:

- To ensure the information and data gathered specifically for the research is not shared with a third party without the consent of the researcher
- To not contact the respondents to discuss responses without the consent of the researcher
- I understand that names and any other identifying information about study sites and participants are completely confidential
- I agree not to divulge, publish, or otherwise make known to unauthorised persons or to the public any information obtained in the course of this research project that could identify the persons who participated in the study
- I understand that all information about study sites or participants obtained or accessed by me in the course of my work is confidential. I agree not to divulge or otherwise make known to unauthorised persons any of this information, unless specifically authorised to do so by approved protocol or by the researcher acting in response to applicable law or court order, or public health or clinical need

- I understand that I am not to read information about study sites or participants, or any other confidential documents, nor ask questions of study participants for my own personal information but only to the extent and for the purpose of performing my assigned duties on this research project
- I agree to notify the researcher immediately should I become aware of an actual breach of confidentiality or a situation which could potentially result in a breach, whether this is on my part or on the part of another person.

Okoche John Michael Maxel

Researcher

Appendix xix: Appointment Letter For Data Collector

Graduate School of Business Leadership, University of South Africa PO Box 392 Unisa 0003 South Africa
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Email: sbl@unisa.ac.za Website: www.sblunisa.ac.za

26th August, 2016
Nakyagaba Susan

APPOINTMENT LETTER RESEARCH ASSISTANT

Reference is made to the interviews for the position of field data collector in Rwnada and Burudi. This is to inform you that you have been appointed as research assistant in Burundi.

As a member of this research team of the study of Mr. Okoche John Michael Maxel, topic being **The Cross-Border model to enhance Competitiveness: A case of Kenya Commercial Bank,** I understand that I may have access to confidential information about study sites and participants. You are mandated to take due care and adhere to the highest level of confidentiality.

Your responsibilities in confidentiality have to maintain confidentiality and agree to the following:

- To ensure the information and data gathered specifically for the research is not shared with a third party without the consent of the researcher
- To not contact the respondents to discuss responses without the consent of the researcher
- I understand that names and any other identifying information about study sites and participants are completely confidential
- I agree not to divulge, publish, or otherwise make known to unauthorised persons or to the public any information obtained in the course of this research project that could identify the persons who participated in the study
- I understand that all information about study sites or participants obtained or accessed by me in the course of my work is confidential. I agree not to divulge or otherwise make known to unauthorised persons any of this information, unless specifically authorised to do so by approved protocol or by the researcher acting in response to applicable law or court order, or public health or clinical need

- I understand that I am not to read information about study sites or participants, or any other confidential documents, nor ask questions of study participants for my own personal information but only to the extent and for the purpose of performing my assigned duties on this research project
- I agree to notify the researcher immediately should I become aware of an actual breach of confidentiality or a situation which could potentially result in a breach, whether this is on my part or on the part of another person.

Okoche John Michael Maxel

Researcher

Appendix xx: Appointment Letter Data Collector

Graduate School of Business Leadership, University of South Africa PO Box 392 Unisa 0003 South Africa
Cnr Janadel & Alexandra Avenue Midrand 1685 Tel: +27 11 652 0000 Fax: +27 11 652 0299
Email: sbl@unisa.ac.za Website: www.sblunisa.ac.za

26th August, 2016

Etionu Ronald

APPOINTMENT LETTER AS RESEARCH ASSISTANT

Reference is made to the interviews for the position of field data collector in Rwnada and Burudi. This is to inform you that you have been appointed as field data collector for the research team in Uganda.

As a member of this research team of the study of Mr. Okoche John Michael Maxel, topic being **The Cross-Border model to enhance Competitiveness: A case of Kenya Commercial Bank,** I understand that I may have access to confidential information about study sites and participants. You are mandated to take due care and adhere to the highest level of confidentiality.

Your responsibilities in confidentiality have to maintain confidentiality and agree to the following:

- To ensure the information and data gathered specifically for the research is not shared with a third party without the consent of the researcher
- To not contact the respondents to discuss responses without the consent of the researcher
- I understand that names and any other identifying information about study sites and participants are completely confidential
- I agree not to divulge, publish, or otherwise make known to unauthorised persons or to the public any information obtained in the course of this research project that could identify the persons who participated in the study

- I understand that all information about study sites or participants obtained or accessed by me in the course of my work is confidential. I agree not to divulge or otherwise make known to unauthorised persons any of this information, unless specifically authorised to do so by approved protocol or by the researcher acting in response to applicable law or court order, or public health or clinical need
- I understand that I am not to read information about study sites or participants, or any other confidential documents, nor ask questions of study participants for my own personal information but only to the extent and for the purpose of performing my assigned duties on this research project
- I agree to notify the researcher immediately should I become aware of an actual breach of confidentiality or a situation which could potentially result in a breach, whether this is on my part or on the part of another person.

Okoche John Michael Maxel

Researcher

Appendix xxi: Ethical Clearance

Graduate School of Business Leadership, University of South Africa, PO Box 392, Unisa, 0003, South Africa
Cnr Janadel and Alexandra Avenues, Midrand, 1685, Tel: +27 11 652 0000, Fax: +27 11 652 0299
E-mail: sbl@unisa.ac.za Website: www.unisa.ac.za/sbl

SCHOOL OF BUSINESS LEADERSHIP
RESEARCH ETHICS REVIEW COMMITTEE (GSBL CRERC)

19 August 2016

Ref #: 2016_SBL/DBL_020_FA
Name of applicant: Mr JM Okoche
Student #: 78365279

Dear Mr Okoche

Decision: Ethics Approval

Student: Mr JM Okoche, okochem@gmail.com, +254 7054 71212

Supervisor: Dr GN Molefe, molefgn@vodamail.co.za, 082 416 8791

Project Title: The cross-border model to enhance competitiveness: A case for the Kenya commercial bank.

Qualification: Doctorate in Business Leadership (DBL)

Thank you for applying for research ethics clearance, SBL Research Ethics Review Committee reviewed your application in compliance with the Unisa Policy on Research Ethics.

Outcome of the SBL Research Committee:
Approval is granted for the duration of the first phase of the Project

The application was reviewed in compliance with the Unisa Policy on Research Ethics by the SBL Research Ethics Review Committee on the 18/08/2016.

The proposed research may now commence with the proviso that:

1) The researcher/s will ensure that the research project adheres to the values and principles expressed in the UNISA Policy on Research Ethics.
2) Any adverse circumstance arising in the undertaking of the research project that is relevant to the ethicality of the study, as well as changes in the methodology, should be communicated in writing to the SBL Research Ethics Review Committee.

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SBL GRADUATE SCHOOL OF BUSINESS LEADERSHIP UNISA

Graduate School of Business Leadership, University of South Africa, PO Box 392, Unisa, 0003, South Africa
Cnr Janadel and Alexandra Avenues, Midrand, 1685, Tel: +27 11 652 0000, Fax: +27 11 652 0299
E-mail: sbl@unisa.ac.za Website: www.unisa.ac.za/sbl

3) An amended application could be requested if there are substantial changes from the existing proposal, especially if those changes affect any of the study-related risks for the research participants.
4) The researcher will ensure that the research project adheres to any applicable national legislation, professional codes of conduct, institutional guidelines and scientific standards relevant to the specific field of study.

Kind regards,

18/8/2016

Prof R Ramphal

Chairperson: SBL Research Ethics Committee

011 – 652 0363 or ramphrr@unisa.ac.za

23/8/2016

Dr R Mokate

CEO and Executive Director: Graduate School of Business Leadership

011- 652 0256/mokatrd@unisa.ac.za

Appendix xxii: KCB Approval to Conduct the Study

Graduate School of Business Leadersh p, University of South Africa, PO Box 392, Unisa 0003, South Africa
Cnr Janadel and Alexandra Avenues, Midrand 1685, Tel: +27 11 652 0000, Fax: +27 11 652 0299
Email: sbl@unisa.ac.za Website: www.unisa.ac.za/sbl

9 June 2016

TO WHOM IT MAY CONCERN

The title of Mr JMM Okoche doctoral thesis is:

"Developing an appropriate cross border model to enhance competiveness of the Kenya commercial bank"

This letter serves to confirm that **Mr JMM Okoche** student number **78365279** is a registered student with Unisa Graduate School of Business Leadership studying for his Doctor of Business Leadership degree.

Mr Okoche presented research methodology which was accepted at the colloquium that was held on the 23rd of May 2016 at Unisa Graduate School of Business Leadership.

For further enquiries please do not hesitate to contact the undersigned.

Thank you for your co-operation.

Yours sincerely

① APPROVED FOR RESEARCH
For: KCB BANK KENYA LTD.
.....Group Human Resources
F. Kioko DIRECTOR
21/07/2016

Ms T Seopa
Programme Administrator (DBL)
UNISA Graduate School of Business Leadership
Cnr Janadel and Alexandra Avenues
MIDRAND
1686

Tel: (011) 652 0210
Email: tseopa@unisa.ac.za

UNISA GRADUATE SCHOOL OF BUSINESS LEADERSHIP
09 JUN 2016

② CONDITION
QUESTIONNAIRE TO BE DISCUSSED WITH F. KIOKO IN ADVANCE ON USAGE

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UNISA

Appendix xxiii: Kcb Approval to Conduct The Study

Graduate School of Business Leadership, University of South Africa PO Box 392 Unisa 0003 South Africa
Cnr Smuts and First Avenue Midrand 1685 Tel: +27 11 652 0000 Fax: +27 11 652 0299
Email: sbl@unisa.ac.za Website: www.sblunisa.ac.za

10th June, 2016

The Group Chief Executive Officer
Kenya Commercial Banking Group
Kencom House, City Hall Way, City Centre
P.O Box 48400-00100
Nairobi Kenya

REQUEST FOR PERMISSION TO UNDERTAKE DOCTORAL STUDY ON CROSS-BORDER COMPETITIVENESS BY KENYA COMMERCIAL BANK

I am a doctoral student undertaking my studies in the Graduate School of Business Leadership University of South Africa. In accordance to the requirements for Doctorate in Business Leadership the candidate is supposed to make a contribution to society by undertaking a study in society and undertake advancement of knowledge in a business field. This must be undertaken by doing a research and writing a thesis to present to the panel of examiners. The student also presents the findings to the organization a means of giving back to society.

The topic of my study is **"The Cross-border model to enhance competitiveness: A case study for the Kenya Commercial Bank."** The proposal and methodology for the study was presented before the University panel of examiners that subsequently gave me the go ahead to carry out the study by means of collecting data and analysing data as per approval of the committee.

The purpose of this letter therefore is to seek for permission to undertake this study in Kenya Commercial Bank.

Yours Sincerely,

John Michael Maxel Okoche
DBL-Student UNISA
Student no. 78365279

⇒ Tabitha

① Will any participate on the study

Doctoral student

Dave D. to refer to

RECEIVED 15 JUN 2016

handle and find who the student is & what information is required.

② Only public information would on our website could be used.

23/06/16

① APPROVED FOR RESEARCH
For: KCB BANK KENYA LTD.
Group Human Resources DIRECTOR
F. Koko 21/07/2016

② CONDITION
QUESTIONNAIRE TO BE DISCUSSED WITH F. KIOKO IN MEETING FOR 28/7/201

Appendix xxiv: Agreement with the Statistician For Data Analysis

Confidentiality Agreement

As a member of this research team of the study of Mr Okoche John Michael Maxel, topic being The Cross-Border model to enhance Competitiveness: A case of Kenya Commercial Bank, I understand that I may have access to confidential information about study sites and participants. By signing this statement, I am indicating my understanding of my responsibilities to maintain confidentiality and agree to the following:

- To ensure the information and data gathered specifically for the research is not shared with a third party without the consent of the researcher
- To not contact the respondents to discuss responses without the consent of the researcher
- I understand that names and any other identifying information about study sites and participants are completely confidential
- I agree not to divulge, publish, or otherwise make known to unauthorised persons or to the public any information obtained in the course of this research project that could identify the persons who participated in the study
- I understand that all information about study sites or participants obtained or accessed by me in the course of my work is confidential. I agree not to divulge or otherwise make known to unauthorised persons any of this information, unless specifically authorised to do so by approved protocol or by the researcher acting in response to applicable law or court order, or public health or clinical need
- I understand that I am not to read information about study sites or participants, or any other confidential documents, nor ask questions of study participants for my own personal information but only to the extent and for the purpose of performing my assigned duties on this research project
- I agree to notify the researcher immediately should I become aware of an actual breach of confidentiality or a situation which could potentially result in a breach, whether this is on my part or on the part of another person.

RESEARCH DEVELOPMENT
UNIVERSITY OF LIMPOPO

2016 -06- 06

PRIVATE BAG X1106 SOVENGA 0727
TEL NO. (015) 268 2401

	06/06/2016	NETSHIPZIVHANI MMBENGENI VICTO
Signature	Date	Printed name
	7th June, 2016	Okoche John Michael Maxel
Signature of Researcher	Date	Printed name

Appendix xxv: Regression Results For Effect Of Global, Multi-Domestic And Transnational Strategies On Competitiveness

Framework Summary

Framework	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.453[a]	.205	.190	.8526

a. Predictors: (Constant), TRANSNATIONAL_STRAGEY_AVERAGE, GLOBAL_STRATEGY_AVEGARE, MULTIDOMESTIC_STRATEGY_AVERAGE

ANOVA[a]

Framework		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	30.368	3	10.123	13.924	.000[b]
	Residual	117.775	162	.727		
	Total	148.143	165			

a. Dependent Variable: COMPETITIVNESS

b. Predictors: (Constant), TRANSNATIONAL_STRAGEY_AVERAGE, GLOBAL_STRATEGY_AVEGARE, MULTIDOMESTIC_STRATEGY_AVERAGE

coefficients[a]

Framework		Unstandardised Coefficients		Standardised Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.059	.440		4.677	.000
	MULTIDOMESTIC_STRATEGY_AVERAGE	.248	.091	.153	2.731	.008
	GLOBAL_STRATEGY_AVEGARE	.002	.117	.002	.019	.985
	TRANSNATIONAL_STRAGEY_AVERAGE	.366	.097	.349	3.779	.000

a. Dependent Variable: COMPETITIVNESS

Appendix xxvi: Details of Factor Rotation First Level

Rotated Component Matrix[a]																			
	Component																		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
1	0.824	0.012	0.324	0.088	0.002	0.001	0.006	0.008	0.000	0.001	0.011	0.021	0.003	0.006	0.002	0.007	0.006	0.008	0.313
2	0.772	0.089	0.411	0.091	0.001	0.011	0.021	0.103	0.201	0.012	0.005	0.021	0.081	0.001	0.001	0.001	0.021	0.103	0.429
3	0.811	0.023	0.311	0.111	0.002	0.008	0.003	0.002	0.003	0.006	0.006	0.006	0.001	0.001	0.001	0.001	0.003	0.002	0.311
4	0.313	0.782	0.328	0.076	0.003	0.002	0.008	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.008	0.001	0.113
5	0.429	0.713	0.254	0.083	0.002	0.009	0.004	0.001	0.001	0.000	0.001	0.001	0.001	0.001	0.001	0.001	0.004	0.001	0.313
6	0.311	0.791	0.323	0.075	0.004	0.001	0.023	0.311	0.111	0.002	0.008	0.003	0.002	0.003	0.006	0.006	0.023	0.311	0.313
7	0.113	0.878	0.005	0.089	0.005	0.006	0.007	0.089	0.411	0.091	0.001	0.011	0.021	0.103	0.201	0.012	0.007	0.089	0.002
8	0.313	0.891	0.023	0.178	0.003	0.012	0.005	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.005	0.001	0.013
9	0.313	0.867	0.009	0.134	0.003	0.010	0.011	0.089	0.411	0.091	0.001	0.011	0.021	0.103	0.201	0.012	0.011	0.089	0.067
10	0.002	0.323	0.703	0.245	0.005	0.016	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.023
11	0.013	0.089	0.711	0.081	0.009	0.032	0.023	0.089	0.411	0.091	0.001	0.011	0.021	0.103	0.201	0.012	0.023	0.089	0.002
12	0.067	0.262	0.689	0.183	0.004	0.031	0.031	0.011	0.021	0.103	0.201	0.012	0.005	0.021	0.081	0.001	0.031	0.011	0.073
13	0.023	0.123	0.712	0.109	0.008	0.001	0.014	0.008	0.003	0.002	0.003	0.006	0.006	0.006	0.001	0.001	0.014	0.008	0.033
14	0.002	0.073	0.684	0.091	0.001	0.023	0.013	0.002	0.008	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.013	0.002	0.214
15	0.073	0.029	0.710	0.089	0.003	0.001	0.045	0.009	0.004	0.001	0.001	0.000	0.001	0.001	0.001	0.001	0.045	0.009	0.222
16	0.033	0.032	0.687	0.089	0.009	0.030	0.017	0.001	0.023	0.311	0.111	0.002	0.008	0.003	0.002	0.001	0.017	0.001	0.015
17	0.214	0.082	0.638	0.089	0.008	0.034	0.014	0.006	0.007	0.089	0.411	0.091	0.001	0.011	0.021	0.001	0.014	0.006	0076
18	0.222	0.014	0.781	0.089	0.009	0.031	0.012	0.012	0.005	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.012	0.012	0.086
19	0.015	0.079	0.073	0.704	0.002	0.006	0.011	0.010	0.011	0.089	0.411	0.091	0.001	0.011	0.021	0.001	0.011	0.010	0.824
20	0076	0.008	0.089	0.721	0.001	0.020	0.015	0.016	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.015	0.016	0.005
21	0.086	0.016	0.057	0.707	0.003	0.024	0.011	0.032	0.023	0.089	0.411	0.091	0.001	0.011	0.021	0.001	0.011	0.032	0.011
22	0.824	0.412	0.324	0.088	0.735	0.031	0.001	0.005	0.008	0.000	0.005	0.009	0.000	0.001	0.021	0.023	0.001	0.005	0.001
23	0.005	0.001	0.001	0.001	0.731	0.212	0.324	0.040	0.001	0.001	0.091	0.001	0.011	0.021	0.103	0.201	0.324	0.040	0.023
24	0.011	0.089	0.411	0.091	0.708	0.189	0.411	0.016	0.091	0.091	0.001	0.001	0.001	0.001	0.001	0.001	0.411	0.016	0.008
25	0.001	0.001	0.001	0.001	0.008	0.722	0.311	0.008	0.001	0.001	0.091	0.001	0.011	0.021	0.103	0.201	0.311	0.008	0.001
26	0.023	0.089	0.411	0.091	0.313	0.703	0.328	0.050	0.091	0.091	0.001	0.001	0.001	0.001	0.001	0.001	0.328	0.050	0.091
27	0.008	0.000	0.005	0.009	0.429	0.608	0.254	0.009	0.009	0.103	0.091	0.001	0.011	0.021	0.103	0.201	0.254	0.009	0.001
28	0.001	0.001	0.091	0.001	0.311	0.081	0.786	0.017	0.001	0.002	0.103	0.201	0.012	0.005	0.021	0.081	0.011	0.021	0.091
29	0.091	0.091	0.001	0.001	0.113	0.001	0.637	0.035	0.001	0.001	0.002	0.003	0.006	0.006	0.006	0.001	0.001	0.001	0.313
30	0.001	0.001	0.091	0.001	0.313	0.006	0.653	0.0120	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.011	0.021	0.429
31	0.091	0.091	0.001	0.001	0.313	0.070		0.723	0.001	0.311	0.001	0.001	0.000	0.001	0.001	0.001	0.012	0.005	0.311
32	0.009	0.103	0.091	0.001	0.002	0.323	0.008	0.712	0.001	0.089	0.311	0.111	0.002	0.008	0.003	0.002	0.006	0.006	0.113
33	0.001	0.002	0.103	0.201	0.013	0.089	0.050	0.683	0.201	0.001	0.089	0.411	0.091	0.001	0.011	0.021	0.011	0.021	0.313
34	0.001	0.001	0.002	0.003	0.067	0.262	0.121	0.023	0.824	0.089	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.313
35	0.001	0.001	0.001	0.001	0.735	0.412	0.324	0.040	0.772	0.008	0.089	0.411	0.091	0.001	0.011	0.021	0.011	0.021	0.002
36	0.001	0.311	0.001	0.001	0.731	0.389	0.411	0.116	0.811	0.111	0.002	0.089	0.411	0.091	0.001	0.011	0.012	0.005	0.013

Rotated Component Matrix[a]																			
	Component																		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
37	0.001	0.089	0.311	0.111	0.002	0.103	0.201	0.001	0.110	0.782	0.024	0.212	0.324	0.040	0.001	0.001	0.006	0.006	0.067
38	0.201	0.001	0.089	0.411	0.001	0.002	0.201	0.001	0.102	0.713	0.061	0.189	0.411	0.016	0.091	0.091	0.011	0.021	0.023
39	0.003	0.089	0.001	0.001	0.001	0.001	0.201	0.001	0.080	0.701	0.312	0.223	0.311	0.008	0.001	0.001	0.001	0.001	0.002
40	0.001	0.008	0.089	0.411	0.311	0.001	0.089	0.003	0.313	0.201	0.703	0.089	0.411	0.091	0.001	0.011	0.011	0.021	0.073
41	0.311	0.111	0.002	0.089	0.003	0.006	0.006	0.006	0.429	0.101	0.711	0.001	0.001	0.001	0.001	0.001	0.012	0.005	0.033
42	0.001	0.001	0.002	0.003	0.006	0.006	0.006	0.001	0.001	0.301	0.713	0.089	0.411	0.091	0.001	0.011	0.006	0.006	0.214
43	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.103	0.754	0.311	0.008	0.001	0.001	0.011	0.021	0.222
44	0.001	0.311	0.001	0.001	0.000	0.001	0.001	0.001	0.001	0.001	0.211	0.765	0.411	0.016	0.091	0.091	0.001	0.001	0.015
45	0.001	0.089	0.311	0.111	0.002	0.008	0.003	0.002	0.001	0.001	0.002	0.738	0.412	0.324	0.040	0.006	0.011	0.021	0076
46	0.201	0.001	0.089	0.411	0.091	0.001	0.011	0.021	0.001	0.201	0.001	0.729	0.389	0.411	0.016	0.019	0.021	0.081	0.086
47	0.003	0.089	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.003	0.001	0.203	0.701	0.311	0.008	0.041	0.006	0.001	0.824
48	0.001	0.008	0.089	0.411	0.091	0.001	0.011	0.021	0.001	0.001	0.311	0.008	0.632	0.328	0.050	0.116	0.001	0.001	0.005
48	0.008	0.000	0.001	0.011	0.021	0.003	0.006	0.002	0.007	0.000	0.089	0.429	0.711	0.254	0.009	0.140	0.001	0.001	0.011
50	0.103	0.201	0.012	0.005	0.021	0.081	0.001	0.001	0.001	0.001	0.001	0.211	0.709	0.323	0.017	0.126	0.003	0.002	0.001
51	0.002	0.003	0.006	0.006	0.006	0.001	0.001	0.001	0.001	0.001	0.089	0.313	0.765	0.123	0.035	0.042	0.011	0.021	0.023
52	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.301	0.702	0.097	0.0120	0.018	0.001	0.001	0.008
53	0.001	0.001	0.000	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.012	0.300	0.202	0.711	0.008	0.049	0.011	0.021	0.001
54	0.311	0.111	0.002	0.008	0.003	0.002	0.003	0.006	0.006	0.006	0.006	0.002	0.012	0.713	0.114	0.017	0.001	0.001	0.091
55	0.089	0.411	0.091	0.001	0.011	0.021	0.103	0.201	0.012	0.005	0.001	0.017	0.089	0.704	0.113	0.042	0.011	0.021	0.001
56	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.000	0.067	0.262	0.743	0.121	0.019	0.012	0.005	0.091
57	0.089	0.411	0.091	0.001	0.011	0.021	0.103	0.201	0.012	0.005	0.002	0.034	0.133	0.003	0.712	0.231	0.006	0.006	0.103
58	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.091	0.234	0.268	0.012	0.732	0.065	0.001	0.001	0.001
58	0.089	0.411	0.091	0.001	0.011	0.021	0.103	0.201	0.012	0.005	0.001	0.127	0.139	0.097	0.503	0.222	0.000	0.001	0.103
60	0.011	0.021	0.103	0.201	0.012	0.005	0.021	0.081	0.001	0.001	0.091	0.086	0.185	0.113	0.498	0.028	0.002	0.008	0.021
61	0.008	0.003	0.002	0.003	0.006	0.006	0.006	0.001	0.001	0.001	0.001	0.072	0.172	0.087	0.200	0.743	0.021	0.081	0.006
62	0.002	0.008	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.091	0.009	0.109	0.056	0.032	0.700	0.006	0.001	0.001
63	0.009	0.004	0.001	0.001	0.000	0.001	0.001	0.001	0.001	0.001	0.103	0.123	0.103	0.114	0.065	0.688	0.001	0.001	0.001
64	0.001	0.023	0.311	0.111	0.002	0.008	0.003	0.002	0.001	0.001	0.002	0.189	0.182	0.083	0.0654	0.654	0.001	0.001	0.003
65	0.006	0.007	0.089	0.411	0.091	0.001	0.011	0.021	0.001	0.001	0.011	0.021	0.103	0.201	0.012	0.235	0.735	-0.412	0.011
66	0.012	0.005	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.119	0.108	0.000	0.006	0.308	0.731	-0.389	0.001
67	0.010	0.011	0.089	0.411	0.091	0.001	0.011	0.021	0.001	0.001	0.011	0.021	0.103	0.201	0.012	0.087	0.708	-0.423	0.011
68	0.016	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.011	0.021	0.001	0.001	0.011	0.021	0.103	0.201	0.713	0.022	0.001
69	0.032	0.023	0.089	0.411	0.091	0.001	0.011	0.021	0.001	0.103	0.201	0.012	0.005	0.021	0.081	0.001	0.672	0.003	0.011
70	0.005	0.008	0.000	0.005	0.009	0.000	0.001	0.021	0.023	0.031	0.411	0.091	0.001	0.011	0.021	0.103	0.654	0.0043	0.001
71	0.002	0.008	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.091	0.010	0.011	0.089	0.411	0.091	0.030	0.786	0.001
72	0.009	0.004	0.001	0.001	0.000	0.001	0.001	0.001	0.001	0.001	0.103	0.012	0.005	0.021	0.081	0.001	0.301	0.637	0.234
73	0.001	0.023	0.311	0.111	0.002	0.008	0.003	0.002	0.001	0.001	0.002	0.012	0.005	0.021	0.081	0.001	0.201	0.653	0.034
74	0.006	0.007	0.089	0.411	0.091	0.001	0.011	0.021	0.001	0.001	0.011	0.012	0.005	0.021	0.081	0.001	0.002	0.723	0.065

Rotated Component Matrix[a]																			
	Component																		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
75	0.012	0.005	0.021	0.081	0.001	0.001	0.001	0.012	0.005	0.021	0.081	0.001	0.001	0.001	0.000	0.090	0.015	0.123	0.712
Extraction Method: Principal Component Analysis																			
Rotation Method: Varimax with Kaiser Normalisation																			

Appendix xxvii: Total Variance Explained.

Total Variance Explained

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	11.241	16.059	16.059	11.241	16.059	16.059	5.877	8.396	8.396
2	8.949	12.785	28.844	8.949	12.785	28.844	5.636	8.052	16.448
3	5.087	7.266	36.111	5.087	7.266	36.111	5.188	7.412	23.860
4	3.579	5.113	41.224	3.579	5.113	41.224	4.379	6.255	30.115
5	3.355	4.792	46.016	3.355	4.792	46.016	4.234	6.048	36.163
6	2.838	4.055	50.071	2.838	4.055	50.071	3.752	5.361	41.524
7	2.539	3.627	53.698	2.539	3.627	53.698	3.396	4.852	46.375
8	2.489	3.556	57.254	2.489	3.556	57.254	3.244	4.634	51.009
9	2.353	3.361	60.615	2.353	3.361	60.615	2.538	3.626	54.635
10	2.176	3.108	63.724	2.176	3.108	63.724	2.521	3.602	58.237
11	1.800	2.572	66.295	1.800	2.572	66.295	2.324	3.320	61.557
12	1.658	2.369	68.664	1.658	2.369	68.664	2.063	2.948	64.505
13	1.580	2.257	70.921	1.580	2.257	70.921	2.035	2.907	67.412
14	1.436	2.051	72.972	1.436	2.051	72.972	1.896	2.709	70.121
15	1.341	1.915	74.887	1.341	1.915	74.887	1.781	2.545	72.666
16	1.298	1.854	76.741	1.298	1.854	76.741	1.710	2.443	75.109
17	1.185	1.692	78.434	1.185	1.692	78.434	1.656	2.365	77.474
18	1.162	1.660	80.093	1.162	1.660	80.093	1.458	2.083	79.558
19	1.014	1.449	81.542	1.014	1.449	81.542	1.389	1.985	81.542
20	.985	1.407	82.950						

21	.884	1.262	84.212						
22	.859	1.227	85.439						
23	.807	1.153	86.592						
24	.789	1.128	87.719						
25	.739	1.056	88.776						
26	.715	1.022	89.798						
27	.585	.836	90.634						
28	.533	.761	91.395						
29	.498	.712	92.107						
30	.482	.688	92.795						
31	.441	.629	93.425						
32	.418	.597	94.021						
33	.404	.577	94.599						
34	.367	.525	95.124						
35	.364	.520	95.643						
36	.341	.488	96.131						
37	.288	.411	96.542						
38	.279	.399	96.941						
39	.256	.366	97.307						
40	.234	.334	97.641						
41	.214	.306	97.947						
42	.209	.299	98.246						
43	.177	.253	98.499						
44	.167	.238	98.737						
45	.143	.204	98.941						
46	.134	.192	99.133						
47	.099	.141	99.274						

48	.081	.116	99.390						
49	.070	.100	99.490						
50	.056	.080	99.569						
51	.052	.075	99.644						
52	.049	.070	99.714						
53	.044	.063	99.777						
54	.040	.058	99.835						
55	.033	.047	99.882						
56	.025	.035	99.917						
57	.016	.023	99.940						
58	.012	.017	99.957						
59	.010	.015	99.972						
60	.007	.009	99.981						
61	.005	.007	99.989						
62	.004	.006	99.995						
63	.002	.003	99.998						
64	.001	.001	99.999						
65	.001	.001	100.000						
66	.000	.000	100.000						
67	3.036E-5	4.337E-5	100.000						
68	1.057E-5	1.510E-5	100.000						
69	2.139E-16	3.056E-16	100.000						
70	-2.095E-18	-2.993E-18	100.000						

Extraction Method: Principal Component Analysis

Appendix xxviii: Presentation of Research Findings

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TO: Mr M Okoche (7865279)

FROM: Prof B van der Poll
DBL Academic Coordinator
School of Business Leadership

CC: Dr Molefe (Supervisor)
Ms T Seopa
DBL Administrative Coordinator
School of Business Leadership

DATE: 30 October 2017

DIS805T: RESEARCH FINDINGS

A FRAMEWORK FOR CROSS-BORDER BANKING IN AFRICA: A CASE OF KENYA COMMERCIAL BANK

Dear Mr Okoche

Congratulations on reaching the milestone of presenting your findings at our Octobe/November colloquium. Your study has been critically reviewed by Prof Okharedia and Prof Ngwenya who will give additional feedback. Please take note of their comments and incorporate relevant comments after discussion with your supervisor. The following comments need to be addressed after discussion with your supervisor according to the feedback at the colloquium:

- Significance: Recommendations for practice and implications for policy. Think about it.
- What are your limitations?
- Make sure the GAP in knowledge and practice is clear in your final report.
- If you think of future studies, think of the impact of Brics.
- What is the role of SADC?
- Can you generalise to rest of East Africa or West Africa? Is it not applicable to the rest of Africa?
- Rethink the title like East Africa.

Please ensure that you address the relevant comments and write a short report how this was addressed or why some where not addressed. This is for quality assurance purposes and the audit that will be held in 2018. This report needs to be signed by your supervisor and submitted to Ms Seopa, copying Prof HM van der Poll. Once your supervisor is satisfied with your thesis, ensure that you comply with all the technical requirements as stated in the Procedures for Masters and Doctoral Degrees. You need to submit your "Notice of intention to submit" **at least two months** before submitting your manuscript for

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examination. This is to enable us to appoint the examiners in time. Also, ensure you use the correct title page and have your study language edited. The editors' certificate can be attached as an appendix.

All the documents referred to above are available at:

http://www.unisa.ac.za/sites/corporate/default/Colleges/Graduate-Studies/M-&-D-policy-and-procedure-documents

All the best with your studies.

Regards

Prof HM van der Poll

Appendix xxix: Delivery of Thesis for Examination

EXCELLENCE. SIMPLY DELIVERED. DHL EXPRESS

12 January 2018

Dear Customer,

This is a proof of delivery / statement of final status for the shipment with waybill number 7680998581.

Thank you for choosing DHL Express.

www.dhl.com

Your shipment 7680998581 was delivered on 11 January 2018 at 08.28

Signed	FRANS	**Destination Service Area**	PRETORIA SOUTH AFRICA
Signature		**Shipment Status**	Delivered
		Piece ID(s)	JD014600005123896791

Additional Shipment Details

Service	EXPRESS WORLDWIDE doc	**Origin Service Area**	KAMPALA UGANDA
Picked Up	09 January 2018 at 15.55		

Appendix xxx: Proof of Delivery Thesis for Examination

EXCELLENCE. SIMPLY DELIVERED. DHL EXPRESS

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