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INFLUENCE OF COMPETITIVE INTELLIGENCE STRATEGY ON GROWTH OF LISTED COMMERCIAL BANKS IN KENYA

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ABSTRACT

This study examined the influence of competitive intelligence strategy on growth of listed commercial banks in Kenya. The study adopted descriptive survey design and used structured questionnaire to collect primary data. The targeted 120 managers of relevant sections in listed commercial banks in Kenya, where Yamame's stratified sampling formula was used to calculate a sample size of 93 respondents who were selected through simple random sampling. SPPS version 24 was used to analyze the data. Descriptive statistical analysis was used to summarize data using frequencies, percentages and means while inferential statistics was computed to examine correlation, linear and multiple relationships between the independent and dependent variables. A total of 93 questionnaires were sent to the listed commercial banks for data collection and 85 questionnaires were returned completely filled, depicting a response rate of 91.4% which was very good for generalizability of the research findings to a wider population. Both descriptive and inferential statistics showed that all the conceptualized independent variables (operational excellence, strategic alliance, product and customer intimacy intelligence) significantly influence growth of listed commercial banks (dependent variable). The study concluded that one, operational excellence significantly influences growth of commercial banks in the sense that efficient operations improve service quality; two, banks that engage in strategic alliance with telecommunication firms and agency banking can realize an increase in customer base; three, commercial banks with high customer intimacy intelligence can get reliable information about key products that attract and retain a huge customer base. The study recommended that one, operations managers in commercial banks should roll out innovative process operational tools to improve operational efficiency, two, managers of listed commercial banks should engage viable strategic mergers with telecommunication firms and reinforce agency banking so as to attract and retain more customers that can boost bank growth; and three, marketing managers in commercial banks should have an effective customer feedback mechanism so as to timely address product and service related complaints from customers so as not to compromise the cherished relationship that the customers have with their commercial banks.

Key Words: *Operational Excellence, Strategic Alliance, Product, Customer Intimacy Intelligence*

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INTRODUCTION

The growth of commercial banks especially in developing countries is a major concern for investors in the banking industry and corporate strategic thinkers in every operating commercial bank spend sleepless nights to grow the bank in the ever competitive banking business environment. According to Tan and Ahmed (1999), competitive intelligence is a process for supporting both strategic and tactical decisions, and in order to support competitive intelligence, organizations need systems and processes to gather and analyze reliable, relevant, and timely information that is available in vast amounts about competitors and markets (McGonagle & Vella, 2004).

In this regard, whatever strategic framework the firm chooses to embrace the growth of its business, no one element remains more fundamental to competitive strategy than competitive intelligence. Competitive intelligence is more concerned with doing the right thing, than doing the thing right. The goal of a competitor analysis is to develop a profile of the nature of strategy changes each competitor might make, each competitor's possible response to the range of likely strategic moves other firms could make, and each competitor's likely reaction to industry changes and environmental shifts that might take place. Competitive intelligence should have a single-minded objective - to develop the strategies and tactics necessary to sustain a company's growth in the competitive industry (Park, 2012).

To foster growth of companies, Competitive intelligence (CI) came up as a process for supporting both strategic and tactical decisions. In order to support CI, organizations need systems and processes to gather and analyze reliable, relevant, and timely information that is available in vast amounts about competitors and markets (McGonagle & Vella, 2004). Whatever strategic framework the firm chooses to embrace for the management of its business, no one element remains more fundamental to competitive strategy than competitive intelligence. Competitive intelligence is more concerned with doing the right thing, than doing the thing right. The goal of competitor analysis is to develop a profile of the nature of strategy changes each of them might make, their possible response to the range of likely strategic moves other firms could make, and their likely reaction to industry changes and environmental shifts that might take place (McGonagle & Vella, 2004).

Further, competition has always been contentious in banking. Regulators have traditionally tried to restrict competition in the sector with the aim of restricting excessive risk taking (Vives, 200l). Not with standing their fears forces like globalization, liberalization, and technology have generated competition in the industry. Yildirim and Philippatos (2007) also notes that "a healthy rivalry among banks can serve as a driving force in improving the quality, pricing and availability of the products offered to customers, and promote financial innovation by introducing more modem banking skills, management techniques, technology and now the use of competitive intelligence to foster growth of commercial banks facing stiff completion from themselves and from cooperative movement, government financial institutions, merry go rounds, mobile lending apps and microfinance lending institutions..

Globally, many organizations are becoming more sensitive to shrinking budgets and realizing the need to invest/divest of capabilities (technology, resource, and other intangibles) to meet marketplace demand so as to realize remarkable growth. Consequently, many organizations are initiating their own competitive intelligence (CI) services to advise their decision makers. In any competitive environment the striving for survival and competitive advantage is the driving force behind development. If the environment changes its actors have to change in order to adapt to the environmental change (Hughes, 2005). If any actor changes, all other actors have to take measure in order not to lose their relative advantage. This is the fundamental rule that all players have to follow in order to stay in the game. In an ever faster changing world the ability to adapt and anticipate change is crucial in order to secure survival (Tew, 2005). As such it is worth investigating the competitive intelligence strategies adopted in such a competitive environment and how they affect the overall growth of organizations.

In the banking sector, many commercial banks in both developing and developed economies continue to grow by use of competitive intelligence in various forms. This has been done by use of competitive intelligence strategy which is concerned with how a company can gain a competitive advantage through a distinctive way of competing. Having a competitive advantage is necessary for a firm to compete in the market but what is more important is whether the competitive advantage is sustainable. A firm must identify its position relative to the competition in the market by knowing if it is a leader, challenger, follower, thus, has to adopt appropriate competitive intelligence strategies to compete (Lawrence et al., 2012).

The Banking industry in Kenya is governed by the Companies Act, the Banking Act, the Central Bank of Kenya Act and other various prudential guidelines issued by the Central Bank of Kenya (CBK). All of the policies and regulations that administer the entire banking industry centers in lifting the controls towards the management and equitable services (CBK, 2018).

Generally, the banking industry in Kenya has grown in various financial aspects and competition has become stiff, this has seen successful introduction of innovative products and services and entrance of new entrants in the market Banks are identified to be one of the major players that support the Kenya's socio-economic development. Its role in the society is admired because it boosts the confidence in terms of entrepreneurship. The innovative products in the banking industry serve a great advantage not only on the business but also to provide satisfaction on their long-time customers (PwC, 2018).

However, the growth of commercial banks in Kenya has been marred by cut throat competition. In this regard, key players in the banking sector in Kenya have continued to innovate in response to mounting competition towards the common goal of offering customers greater convenience. The convergence of banking services and mobile telephony peaked during the year 2010 with several players signing up with mobile service providers to launch payment solutions. Use of advanced technologies will continue to be a key driver of growth and a differentiator among banks. Other positive developments include the licensing of bank agents (agency banking) as well as deposit taking micro finance institutions; and the introduction of Credit Information Sharing following amendments to the Banking Act (CBK, 2018).

Further, through partnerships with businesses across the country, banks are taking their services closer to the people in areas with potentially less number and volume of transactions. This in turn leads to increased customer base and thus the market share, increased coverage with low cost solution, increased revenue from improved indirect productivity by reducing congestion in existing branches. Customer's visiting the General store benefits from lower transaction costs as it is closer home and hence no need to travel 150 km to a bank, longer banking hours as the Agents are operating for longer hours and shorter queues than in branches. The shopkeeper is also more accessible by the illiterate and the very poor who might feel intimidated by branches. To the shop keeper: the additional customers visiting the shop for banking services also leads to increased sales for his or her goods and services. The shop is differentiated from the other businesses in the area, good reputation from affiliation with a well-known reputable institution and additional revenue from commissions and incentives by the commercial bank (KBA, 2018).

Statement of the problem

The growth of commercial banks in Kenya is being hampered by stiff competition from the cooperative movement (SACCOs, government financial institutions, merry go rounds, mobile lending apps, microfinance lending institutions, thus commercial banks require among others, competitive intelligence strategy to attain a competitive advantage over the rivals.

However, studies on the use of competitive intelligence to boost growth of commercial banks are generally limited because existing studies have mainly focused on the use of competitive intelligence in the telecommunication industry and innovation industries, yet cut throat competition in the banking industry continually works to drive down the rate of return on capital invested (KBA, 2018).

Further, there are few empirical studies done on competitive intelligence and growth of commercial banks in Kenya. For instance Mutua (2010) did a research on competitive intelligence practices by Essar Telcom (YU) (K) Ltd. Muiva, (2001) conducted a survey on the use of competitive intelligence systems in the Kenyan Pharmaceutical Industry while Kipkorir (2001) researched on competitive intelligence practices by FM radio stations operating in Kenya.

That is, existing studies have been done on different institutions other than commercial banks in Kenya. This is despite the fact that the commercial banking sector in Kenya is facing many challenges posed by the competitive environment in the commercial banking industry in general. Despite the adoption of this competitive intelligence very few studies have been done on commercial banks in Kenya, and further the results have shown conflicting results especially on the use of product intelligence and bank profitability.

Therefore, lack of adequate empirical evidence on the relationship between competitive intelligence and growth of commercial banks in Kenya motivated this study to examine the influence of competitive intelligence strategy on growth of listed commercial banks in Kenya.

Objectives of the Study

The general objective of the study was to examine influence of competitive intelligence strategy on growth of listed commercial banks in Kenya. The specific objectives were;

- To examine influence of operational excellence on the growth of listed commercial banks in Kenya.
- To evaluate influence of strategic alliance intelligence on the growth of listed commercial banks in Kenya.
- To assess influence of product intelligence on the growth of listed commercial banks in Kenya.
- To determine influence of customer intimacy intelligence on the growth of listed commercial banks in Kenya.

The research was guided by the following hypotheses;

- **H_{01}:** Operational excellence does not significantly influence growth of listed commercial banks in Kenya.
- **H_{02}:** Strategic alliance intelligence does not significantly influence growth of listed commercial banks in Kenya.
- **H_{03}:** Product intelligence does not significantly influence growth of listed commercial banks in Kenya.
- **H_{04}:** Customer intimacy intelligence does not significantly influence growth of listed commercial banks in Kenya.

LITERATURE REVIEW

Resource Based view theory

This was popularized by Hamel and Prahalad (1994). in their book "Competing for the Future", where resources are defined as stocks of knowledge, physical assets, human capital and other tangible and intangible factors that a business owns or controls which enable a firm to produce efficiently and/or effectively. The resource-based view (RBV) is thus a way of viewing the firm and in turn of approaching strategy.

Essentially, the view conceptualizes the firm as a bundle of resources. It is these resources, and the way that they are combined, that make firms different from one another and in turn allow a firm to deliver products and services in the market. While it might seem somewhat obvious that firms are different because they are comprised of different resources, this perspective is a significant departure from the long dominant market based view (Five Forces Analysis). In the market-based view, firms are largely seen as being homogeneous, and competition is seen as occurring via positioning in markets. With the market based view, the strategic challenge is seen as identifying attractive markets to compete in - attractive markets being ones with characteristics identified by analysis of Porter's five forces (Hay and Morris, 2009).

Therefore the resource based view was relevant for this study in the sense that it guides how business firms like commercial banks can utilize their internal human and non-tangible resources in crafting viable competitive strategies to sustain their growth in the ever competitive banking industry in Kenya.

Dynamic capability theory

The theory of dynamic capability theory was introduced by Gary Hamel's paper of 1989 titled „multinational strategy research leading to core competences of a firm. The dynamic capability theory can be said to be an progressive version of the resource based view of the firm in that it is an inside-out approach, yet accepts the influence of external factors thereby to some extent incorporating Porter's theory (Ferdinand, Graca, Antonacopoulou, & Easterby-Smith, 2004).

The dynamic capability theory can also be said to be a link between the resource-based and knowledge-based views of the firm. According to Teece, Pisano and Shuen(1997) dynamic capabilities involve the adaptation of organizational ability in relation to external change. The theory is based on the premise that strong capability should be used for adjustment of short-term positions that are competitive that can be used in building of longer-term competitive benefits.

Therefore the dynamic capabilities theory was relevant for this study in the sense that it guides how business firms like commercial banks can utilize their internal human and technological competencies in crafting viable competitive strategies to sustain their growth in the ever competitive banking industry in Kenya.

Theory of strategic balancing

The theory of strategic balancing was developed by Scott and Meyer in 1991. The theory states that moderately differentiated firms have higher performance than either highly conforming or highly differentiated firms. It addresses relations among strategic similarity, competition, legitimacy, and performance. The unit of theorizing is the individual firm.

Strategic balancing is based on the principle that the strategy of a company is partly equivalent to the strategy of an individual. Indeed, the performance of companies is influenced by the actors' behaviour, including the system of leaders' values (Calori et al., 1989). Further to an empirical study on technological alliances, the principle of strategic balancing to which a technological alliance generates paradoxes and lives by its paradoxes. The theory of the network organization, proposes the network organization as a flexible structure, unlike the traditional company which is complicated to build and maintain. In the network organization, internal cooperation and market-based competition; giving way to competition are simultaneously present (Wehrmann, 2005).

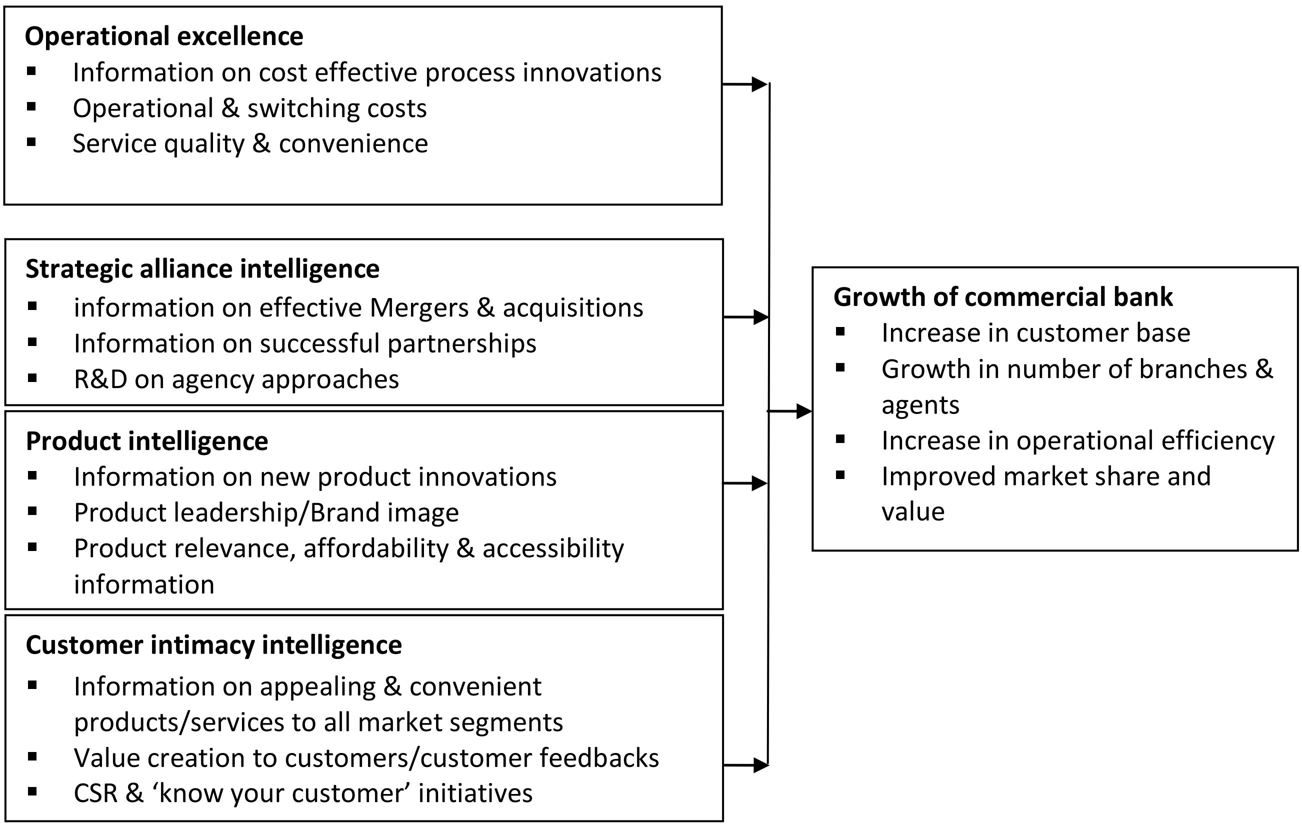
The theory supports the assertion that strategy is conceptualized as a firm's realized position in its competitive market, and that a firm interacts not only with competitors but also with other actors in the external environment, which is divided into the organizational field and the general environment. This theory was therefore relevant to this study in the sense that since commercial banks in Kenya are facing stiff competition from rivals, they must come up with relevant competitive strategies to have a balanced win-win situation so as to foster their growth in the turbulent banking industry in Kenya.

Blue Ocean model

Blue Ocean Strategy is a way to make the competition irrelevant by creating a leap in value for both the company and its customers (Kim & Mauborgne, 2004), thus, the blue ocean strategy challenges everything previously considered as the basis for good strategic success, and instead argues that the way to win is to stop competing. Their success stories include the [yellow tail] brand of Australian winery Casella Wines which took only two years to skyrocket to position number 1, in the fiercely competitive U.S. market for imported wine.

In this regard, Kim and Mauborgne (2004) argued that most companies are making mistakes by battling for success in the bloody "red ocean" where rivals fighting over a shrinking profit pool. In the red ocean, industry boundaries are defined and accepted, prices are driven lower, and the competitive rules of the game become known. As the market space gets increasingly crowded, prospects for profits and growth decline. In the red oceans, industry boundaries are defined and accepted, and the competitive rules of the game are known.

Therefore, according to blue ocean strategy, companies can reach beyond existing demand to find a blue ocean of new market space with the potential for huge profits and growth. This strategy offers an inspiring message: that success is not dependent on fierce competition, expensive marketing or Research &Development budgets, but on smart strategic moves that can be used systematically by established companies and startups alike. The tools they describe level the playing field for success. At a time when global competition is intensifying and supply exceeds demand, this landmark work will chart a bold new path to winning the future.in this regard, commercial banks can use competitive intelligence initiatives as a strategic move to expand their market and roll out unique products that can boost their growth in the turbulent banking industry (ocean).



Independent Variables **Dependent Variable**

Figure 1: Conceptual framework

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Empirical Review

A study on competitive strategies and firm performance was conducted by Yasar (2010): case study on Gaziantep faculty of carpeting. This research studies the effect of competitive strategies on performance of a firm and was inspected empirically by taking into account operational value chain activities in Gaziantep carpeting industrial cluster. The study administered questionnaires and used descriptive statistics to analyze the data. The research findings revealed an insignificant connection between competitive strategies and firm performance in Gaziantep carpeting industry. The results show that for improvement of firm performance and attainment of competitive advantage there should be resolute use and implementation of competitive strategies in terms of operational excellence.

Treacy and Wiersema (2009) also studied on delivering superior value by operational excellence, or customer intimacy, or product leadership. The study found that by operational excellence firms aims at delivering products or services at competitive prices and with minimal difficulty or inconvenience. Customer intimacy was used in providing products to match the firms segment and target markets, thus impacting positively on firm growth.

Treacy and Wiersema (2009) studied on Dell company and found that that through operational excellence a firm like Dell was able to undercut Compaq and other PC makers without compromise quality. They also cited the direct connect program was successfully used to transform and reinvent the General Electric (GE). Customer intimacy firms continually tailor and shape products and services to fit an increase definition of fine definition of the customer. Companies that pursue product leadership strive to produce a continuous stream of innovative products like Apple's Ipod and I-phone or Sony's Walkman.

Patton and McKenna (2005) study found that strategic alliances are formed as a mechanism for reducing uncertainty for parties of the alliance. Strategic alliance with other organizations and acquisitions were employed to a great extent, while mergers and joint ventured were employed to a moderate extent. The strategic alliance intelligences for commercial banks included mergers and acquisitions of other banks for example Equity Bank Limited acquired Uganda microfinance Limited to penetrate the Ugandan market, cross-border listing and trading in Uganda stock exchange, change of business processes, engaging in strategic alliances with other banking (financial) institutions.

Akumu (2009) found that Equity bank in Kenya formed strategic alliances with several businesses across the globe to enable it expand its product offering. Equity Bank is one of the banks distributing the Western Union money transfer services in Kenya. The bank has also established an alliance with global correspondent banks to enable its customers to transact business globally. For instance, Equity bank formed an alliance with UAP insurance to distribute its health insurance; they have branded the product “Equihealth”. This diversification strategy in response to competition has help Equity Bank to develop a bunker strategy “sheltering” its customers from competition by creating a financial supermarket. Through such offering the bank has also become more competitive by increasing their profitability yield per customer.

Park (2012) found that product intelligence as strategy has been widely discussed in the strategy field, where the majority of studies have examined the performance consequences of product intelligence – even though the nature of this relationship still remains largely unresolved Further early studies have argued that product intelligence was valuable from a conceptual perspective, increasing levels of product intelligence should have a positive influence on performance due to economies of scope and scale, market power effects, risk reduction effects, and learning effects; and interestingly, some studies have found that product intelligence has been found to be negatively related to firm value hence recommended more empirical studies (Park,2012).

Treacy and Wiersema (2009) studied on Dell company and found that innovative firms continually tailor and shape products and services to fit admiration of the customer thus lead to firm growth and sustained a competitive edge over rivals. The study concluded that innovative companies that pursue product leadership intelligence strive to produce a continuous stream of innovative products like the way Apple's Ipod and I-phone or Sony's Walkman outsmarted their rivals.

Davis (2007) study found that frequent and successful new products introductions are essential for organic growth and competitive differentiation. The numbers of new product introductions have increased the number of customers loyal to different brands. Equity bank in Kenya also managed to introduce new innovative services like “Autobank” automatic teller machines and “Cashback services” that have made it more competitive by increasing the revenues generated from its existing customers. “Cashback services” enables customers to use Equity bank ATM cards to pay for services or access cash from outlets like supermarket chains. “Cashback services” model is an innovation that borrows heavily from Visa and MasterCard card networks.

Pearce and Zahra (2009) in a study involving 139 of 500 Fortune firms and where there was found to be a positive relationship between competitive strategies and earnings per firms shares, waste reduction, increase in firm customer base, asset quality, quality of product/service, increased production and increased market share. They argued that in taking appropriate measure at the rightful time where strategies seems to fail in achieving set goals, abilities and energies channeled to entice customers propel firm's performance positively.

Treacy and Wiersema (2009) used customer intimacy to explain the competitive strategies used by firms like Nike, Dell Computer, and Home Depot to successfully rise and grow to world class brands. They found that these businesses succeeded by redefining customers' value in their respective markets, building systems that delivered more value than competition and also by raising customer's expectation way beyond the reach of competition. According to them, these firms achieved leadership in their industries by narrowing their focus on customer intimacy initiatives.

Treacy and Wiersema (2009) also studied on delivering superior value by operational excellence, or customer intimacy, or product leadership. The study found that by operational excellence firms aims at delivering products or services at competitive prices and with minimal difficulty or inconvenience. Customer intimacy was used in providing products to match the firms segment and target markets, thus impacting positively on firm growth.

METHODOLOGY

This study adopted the descriptive survey design. The study targeted population was 120 managers of relevant sections in listed commercial banks in Kenya. The sampling frame consisted of officers working in commercial banks who directly or indirectly deal with bank customers. Primary data was collected from respondents directly using self-administered structured questionnaires (closed ended questions). Data collected was edited, cleaned, and coded; and then SPPS version 24 was used to analyze the data. Descriptive statistical analysis was used to summarize data using frequencies, percentages and means while inferential statistics were computed; that is, Pearson correlation coefficient and multiple regression analysis were computed to find out whether there was correlation, linear and multiple relationship between the independent and dependent variables.

FINDINGS

Operational intelligence and growth of commercial banks

This study assessed whether operational excellence dimensions can influence growth of commercial banks. The responses were summarized in table 1.

Table 1: Descriptive statistics: Operational excellence

Statement	5	4	3	2	1	mean	Std.dev
1.The bank delivers products or services at competitive prices and with minimal operational difficulty	11 (12.9)	49 (57.7)	7 (8.2)	13 (15.3)	5 (5.9)	3.55	0.923
2.The bank engages in cost effective process innovations that improve operational efficiency	7 (8.2)	43 (50.6)	10 (11.8)	17 (20.0)	8 (9.4)	3.53	0.862
3.The bank strives to minimize operational costs to check customers' product/service switching behavior and costs	9 (10.6)	47 (55.3)	8 (9.4)	14 (16.5)	7 (8.2)	3.57	0.915
4.Most bank operations aims at achieving high convenience to both the bank and the customer	11 (12.9)	50 (58.9)	5 (5.9)	10 (11.8)	9 (10.5)	3.47	0.921
5.The bank's innovative operations improve service quality	12 (14.1)	57 (67.1)	5(5.9)	6(7.0)	5(5.9)	3.62	0.932
Valid listwise 85							
Grand mean = 3.548							

From table 1, most respondents agreed (57.7%) that the bank delivers products or services at competitive prices and with minimal operational difficulty, which was reinforced by 50.6% of respondents who agreed that the bank engages in cost effective process innovations that improve operational efficiency, implying that getting adequate information on cost effective process innovations reduces operational difficulty, improves operational efficiency which then translates to improved growth of commercial banks.

Further, most respondent agreed (55.3%) and strongly agreed (10.6%) that the bank strives to minimize operational costs to check customers' product/service switching behavior and costs. This implies that high customer switching costs can impact negatively on the growth of commercial banks if not well checked.

More so, 58.9% of respondents agreed that most bank operations aims at achieving high convenience to both the bank and the customer, while only a small percentage (11.8) of respondents disagreed to the statement. This implies that risk managers in commercial banks craft risk minimizing initiatives on both the bank and customer to avoid negative counter effects of the customers switching from the bank due to perceived high inconveniencing costs.

Lastly, most respondents agreed (67.1%) that the bank's innovative operations improve service quality. This implies that commercial banks engaging in continuous innovations to address dynamic changes in bank operations can always improve operational excellence.

In summary, the grand mean of response is 3.548 rounded off to 4, which correspondents to agree on the Likert scale of measurement used in the study. This generally implies that most respondents agreed that operational excellence significantly influences growth of commercial banks. This is supported by West (2015) conducted a study on strategy, scanning of the environment and performance of the firm: an integration of satisfaction and operational process in the food service industry and found that, firms which advocate for low cost or differentiation function considerably higher than focus firms; firms that are of higher performing levels take part in

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considerably higher levels of environmental scanning and the effects of operational costs.

Strategic alliance and growth of commercial banks

This assessed whether strategic alliance intelligence has an influence on the growth of listed commercial banks in Kenya. The responses were summarized in table 2.

Table 2: Descriptive statistics: Strategic alliance

Statement	5	4	3	2	1	mean	Std.dev
1. The bank is involved in feasible mergers with viable financial institutions to boost customer base	9 (10.6)	42 (49.4)	11 (12.9)	16 (18.9)	7 (8.2)	3.49	0.937
2.The bank engages in workable acquisitions of innovative banking products to enhance customer base	10 (11.8)	44 (51.8)	12 (14.1)	11 (12.9)	8 (9.4)	3.54	0.924
3.The bank partners with innovative telecommunication industry players to offer banking services to its customers	13 (15.3)	50 (58.8)	9 (10.6)	8(9.4)	5 (5.9)	3.55	0.856
4.The bank has agency approaches to boost agency banking by customers	11 (12.9)	48 (56.5)	7 (8.2)	10 (11.8)	9 (10.6)	3.45	0.917
5.Generally, the bank's strategic alliance approaches has really improved its customer base	8 (9.4)	51 (60.0)	5 (5.9)	14 (16.5)	7 (8.2)	3.58	0.894
Valid listwise 85							
Grand mean = 3.522							

From table 2, most respondents agreed (49.4%) that the bank is involved in feasible mergers with viable financial institutions to boost customer base; and it was further reinforced by 51.8% of respondents who agreed that the bank engages in workable acquisitions of innovative banking products to enhance customer base. This implies that the commercial banks engaging in feasible mergers with financial institutions increases its customer base and definitely boost its growth.

Further, most respondents agreed (58.8%) that the bank partners with innovative telecommunication industry players to offer banking services to its customers, while 56.5% of respondents also agreed and strongly agreed (12.9%) that the bank has agency approaches to boost agency banking by customers, thus, implying that partnering with innovative telecommunication industry players and engaging in agency banking can boost growth of commercial banks.

Lastly, most respondents agreed (60.0%) and strongly agreed (9.4%) that generally, the bank's strategic alliance approaches has really improved its customer base. This is supported by Hay and Morris (2009) assertion that strategic alliances are formed so that the partners can gain access to the resources and capabilities required to cope with business uncertainty. That is, competitive uncertainty is caused by competitive interdependence where the actions of one firm have a direct and significant effect on the market positions of others in the industry often causing reactionary moves in kind. Competitive uncertainty thus pushes firms to enter into alliances to limit competitive interdependence by limiting the number of competitors.

Product intelligence and growth of commercial banks

This assessed whether product intelligence has an influence on the growth of listed commercial banks in Kenya. The responses were summarized in table 3.

Table 3: Descriptive statistics: Product intelligence

Statement	5	4	3	2	1	mean	Std.dev
1The banks regularly rolls out new affordable product innovations to attract new and existing customers	10 (11.8)	49 (57.7)	8 (9.4)	12 (14.1)	6 (7.0)	3.51	0.911
2.There are effective advertising and branding strategies to boost brand image and brand loyalty	9 (10.6)	42 (49.4)	7 (8.2)	18 (21.2)	9 (10.6)	3.45	0.913
3.Agency banking has really attracted a number of customers	13 (15.3)	55 (64.8)	6 (7.0)	7 (8.2)	4 (4.7)	3.53	0.923
4.Customers are involved in product development through market surveys	8 (9.4)	41 (48.2)	18 (21.2)	13 (15.3)	5 (5.9)	3.43	0.927
5.The bank engages in customer feedback on customer perceptions of product relevance, affordability and accessibility	12 (14.1)	47 (55.3)	7 (8.2)	10 (11.8)	9 (10.6)	3.47	0.919
Valid listwise 85							
Grand mean = 3.478							

From table 3, most respondents agreed (57.7%) that the banks regularly rolls out new affordable product innovations to attract new and existing customers, implying that banks have to have innovative products to attract and retain customers. Secondly, most respondents also agreed (49.4%) and strongly agreed (10.6%) that there are effective advertising and branding strategies to boost brand image and brand loyalty, which was reinforced by 64.8% and 15.3% of respondents who agreed and strongly agreed respectively that agency banking has really attracted a number of customers.

More so, 48.2% of respondents agreed that customers are involved in product development through market surveys, implying that effective use of customer feedback system and customer satisfaction surveys help commercial banks understand customer preferences and enables commercial banks roll out viable products that can attract and retain many customers.

Lastly, 55.3% of respondents agreed that the bank engages in customer feedback on customer perceptions of product relevance, affordability and accessibility, implying that effective use of customer feedback mechanism can really assist in addressing customer needs and preferences which definitely boosts customer base.

In summary, the grand mean of responses is 3.478 rounded of to 4 which is agree on the Likert scale used in the measurement, implying that most respondents agreed that product intelligence is a viable tactic of boosting growth of commercial banks. This is supported by Park (2012) reported that product intelligences employed by commercial banks and that affect their growth include involving customers in product development through focused group discussions, aligning products with customer needs (customized products), customer service, customer satisfaction survey, introduction of new products based on customer needs, re-launching and reviewing of existing products to make them more competitive, ASK exhibitions, excellent customer service, provision of products to suit target markets through differentiation and branding of products which achieves customer satisfaction among others.

Customer intimacy and growth of commercial banks

This assessed whether customer intimacy intelligence has an influence on the growth of listed commercial banks in Kenya. The responses were summarized in table 4.

Table 4: Descriptive statistics: Customer intimacy intelligence

Statement	5	4	3	2	1	mean	Std.dev
1.The bank offers products and services that match the bank's target markets and segments	8 (9.4)	48 (56.5)	13 (15.3)	10 (11.8)	6 (7.0)	3.53	0.921
2.There are effective customer feedback surveys to cater for customer needs and preferences	7 (8.2)	44 (51.8)	15 (17.6)	14 (16.5)	5 (5.9)	3.50	0.981
3.There are competent, appealing and motivated employees to attend to customer needs and product preferences	9 (10.6)	46 (54.1)	6 (7.0)	14 (16.5)	10 (11.8)	3.48	0.923
4.The bank focuses on both high end and low end market segments to cater for a wide range of customer needs and preferences	11 (12.9)	52 (61.2)	5 (5.9)	10 (11.8)	7 (8.2)	3.61	0.915
5.The bank engages in CSR and 'know your customer' initiatives to attract new customers and retain existing customers	10 (11.8)	50 (58.9)	5 (5.9)	14 (16.4)	6 (7.0)	3.57	0.919
Valid listwise 85							
Grand mean = 3.538							

From table 4, most respondent agreed (56.5%) and strongly agreed (9.4%) that the bank offers products and services that match the bank's target markets and segments, while a further 51.8% of respondents who agreed that there are effective customer feedback surveys to cater for customer needs and preferences; implying that effective use of customer feedback mechanism can really assist in addressing customer needs and preferences which definitely boosts customer base.

Further, 54.1% of respondents agreed that there are competent, appealing and motivated employees to attend to customer needs and product preferences, implying that employees play a relationship marketing role through effective service to new and old customers, thus can play a significant role in attracting and retaining customers.

More so, 61.2% and 12.9% of respondents agreed and strongly agreed respectively that the bank focuses on both high end and low end market segments to cater for a wide range of customer needs and preferences; while 58.9% of respondents also agreed that the bank engages in CSR and 'know your customer' initiatives to attract new customers and retain existing customers. This implies that commercial banks that offers a wide range of customer needs and preferences plus engaging in 'know your customer' initiatives attracts new customers and retain existing customers.

In summary, the grand mean is 3.538, rounded to 4, which is agree on the Likert scale of measurement implying that most respondents agreed that customer intimacy intelligence has an influence on the growth of listed commercial banks in Kenya. This is supported by Treacy and Wiersema (2009) who used customer intimacy to explain the competitive strategies used by firms like Nike, Dell Computer, and Home Depot to successfully rise and grow to world class brands. They noted that these businesses succeeded by redefining customers' value in their respective markets, building systems that delivered more value than competition and also by raising customer's expectation way beyond the reach of competition. According to them, these firms achieved leadership in their industries by narrowing their focus on customer intimacy initiatives.

Inferential statistics

First, normality test was checked and met. That is, normality test affirmed that data must have a normal distribution and this was tested by the use histograms with normal curve. The results thus showed histograms with bell-shaped normal curves indicating that data was approximately normally distributed, thus met this assumption.

Secondly, linearity was checked using correction analysis whereby all the independent variables had significant relationship with the dependent variable hence linearity was met

Lastly, multicollinearity was checked using correlations between all pairs of independent variables (operational excellence, strategic alliance, product and customer intimacy intelligence). Most researchers assert that if correlation coefficient, (r) is close to 1 or -1, then there is multicollinearity but if correlation coefficient (r) is not above 0.9, then there is no multicollinearity In this study on correlation analysis), the highest correlation coefficient between all pairs of independent variables (operational excellence, strategic alliance, product and customer intimacy intelligence is 0.874, which is below the threshold of 0.9, thus multicollinearity assumption was checked and met.

Correlation analysis

Correlation analysis was computed to determine bivariate relationship between the independent variables (operational excellence, strategic alliance, product and customer intimacy intelligence) and the outcome variable (growth of listed commercial banks). That is, correlation analysis was done using Pearson's product moment correlation coefficient so as to show that independent variables provide significant predictions which were considered prerequisite for running regression analysis. Therefore the correlation analysis showed that all independent variables (operational excellence; 0.777, strategic alliance; 0.817; product intelligence 0.848; customer intelligence; 0.874 had significant correlation with the dependent variable (growth of listed commercial banks).

Customer intimacy intelligence (0.874) was the highest predictor, implying that commercial banks that considers customer as king and consider customer preferences can attract a large customer base. Product intelligence was the second (0.848), implying commercial banks must roll out product with high customer preferences; strategic alliance was third (0.817) implying commercial banks must engage in mergers and acquisitions as a firm growth strategy. Operational excellence was the last (0.777), implying that though it had the least coefficient value, it is also a significant predictor of growth of listed commercial banks, thus cannot be neglected.

Table 5: Correlations

		Operational excellence	Strategic alliance intelligence	Product intelligence	Customer intimacy intelligence	Growth of bank
Operational excellence	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	85				
Strategic alliance intelligence	Pearson Correlation	.549**	1			
	Sig. (2-tailed)	.000				
	N	85	85			

Product intelligence	Pearson Correlation	.533**	.596**	1		
	Sig. (2-tailed)	.000	.000			
	N	85	85	85		
Customer intimacy intelligence	Pearson Correlation	.618**	.621**	.613**	1	
	Sig. (2-tailed)	.000	.000	.000		
	N	85	85	85	85	
Growth of banks	Pearson Correlation	.777**	.817**	.848**	.874**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	85	85	85	85	85

**. Correlation is significant at the 0.01 level (2-tailed).

Analysis of linear regressions (Direct effects)

This was computed to test the percentage and unit contribution of each of the four independent variables (operational excellence, strategic alliance, product and customer intimacy intelligence) on the dependent variable (growth of listed commercial banks).

Multiple Regression Analysis

Multiple regression analysis was computed after assumptions of multiple regression models were tested and met. The results in table 6 showed an R square of 0.850, thus we infer that the study model explains 85.0% of the variations in the growth of listed commercial banks, while other factors not in this study model accounts for 15.0%, thus, it is a good study model.

Further, ANOVA results also showed that the F-statistical value was significant (F=113.172, *significant* at *p<.001*), thus confirming the fitness of the model. That is, from the study model, the significant F value showed that the four independent variables (operational excellence, strategic alliance, product and customer intimacy intelligence) were indeed different from each other and that they affect the dependent variable (growth of listed commercial banks) in varied ways.

Table 6: Multiple regression analysis

Model Summary

					Change Statistics				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.922[a]	.850	.842	.449	.850	113.172	4	80	.000

ANOVA[b]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	91.140	4	22.785	113.172	.000[a]
	Residual	16.107	80	.201		
	Total	107.247	84			

a. Predictors: (Constant), Customer Intimacy, Strategic Alliance, Operational Excellence, Product Intelligence

b. Dependent Variable: Growth of commercial banks

Table 7: Coefficientsa

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	.391	.083		4.700	.000
	Operational excellence	.230	.089	.225	2.587	.011
	Strategic alliance	.354	.095	.291	3.711	.000
	Product Intelligence	.391	.083	.384	4.700	.000
	Customer intimacy	.498	.093	.481	5.338	.000

a. Dependent Variable: Growth of commercial banks

Further, from the values of unstandardized regression coefficients with standard errors in parenthesis in table 7, all the independent variables (operational excellence; β = 0.230 (0.089) at *$p<0.05$*; strategic alliance intelligence; β = 0.354 (0.095) at *$p<0.05$;* product intelligence; β = 0.391 (0.083) at *$p<0.05$,* customer intimacy intelligence*; β = 0.498 (0.093) at $p<0.05$;* were significant predictors of growth of listed commercial banks (dependent variable).

In terms of ranking of predictor variables (from multiple regression analysis), Customer intimacy intelligence (0.498) was the highest predictor, implying that commercial banks that considers customer as 'king' by considering customer preferences can attract a large customer base. Product intelligence was the second (0.391), implying commercial banks must roll out product with high customer preferences; strategic alliance was third (0.354) implying commercial banks must engage in mergers and acquisitions as a firm growth strategy. Operational excellence was the last (0.230), implying that though it had the least coefficient (β) value, it is also a significant predictor of growth of listed commercial banks, thus cannot be neglected by commercial banks since it is a significant competitive intelligence parameter that can affect their growth.

Therefore, the final multiple regression equation for overall significant multiple influence of the study's independent variables (operational intelligence, strategic alliance, product intelligence, customer intimacy intelligence) on growth of commercial banks (dependent variable) is;

$$y = 0.391 + 0.230X_1 + 0.354X_2 + 0.391X_3 + 0.498X_4$$

Where;

y= growth of commercial banks

X_1= operational excellence

X_2= strategic alliance intelligence

X_3= product intelligence

X_4= customer intimacy intelligence

Hypothesis testing

(Null Hypothesis) H_{01}: Operational excellence does not significantly influence growth of listed commercial banks in Kenya.

(Alternative Hypothesis) H_A: Operational excellence significantly influences growth of listed commercial banks in Kenya.

Results; operational excellence; β = 0.230 (0.089) *significant at $p<0.05$*.

Verdict; we reject the null hypothesis (**H_{01}**) and accept the alternative hypothesis (**H_A**) that operational excellence significantly influences growth of listed commercial banks in Kenya.

(Null Hypothesis) H_{02}: strategic alliance intelligence does not significantly influence growth of listed commercial banks in Kenya.

(Alternative Hypothesis) H_{A2}: strategic alliance intelligence significantly influences growth of listed commercial banks in Kenya.

Results; strategic alliance intelligence; β = 0.354 (0.095) *significant at $p<0.05$*.

Verdict; we reject the null hypothesis (**H_{02}**) and accept the alternative hypothesis (**H_{A2}**) that

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strategic alliance intelligence significantly influences growth of listed commercial banks in Kenya.

(Null Hypothesis) H_{03}: product intelligence does not significantly influence growth of listed commercial banks in Kenya.

(Alternative Hypothesis) H_{A3}: product intelligence significantly influences growth of listed commercial banks in Kenya.

Results; product intelligence; β = 0.391 (0.083) *significant at $p<0.05$*.

Verdict; we reject the null hypothesis (**H_{03}**) and accept the alternative hypothesis (**H_{A3}**) that product intelligence significantly influences growth of listed commercial banks in Kenya.

(Null Hypothesis) H_{04}: customer intimacy intelligence does not significantly influence growth of listed commercial banks in Kenya.

(Alternative Hypothesis) H_{A4}: customer intimacy intelligence significantly influences growth of listed commercial banks in Kenya.

Results; customer intimacy intelligence; β = 0.498 (0.093) *significant at $p<0.05$*.

Verdict; we reject the null hypothesis (**H_{04}**) and accept the alternative hypothesis (**H_{A4}**) that customer intimacy intelligence significantly influences growth of listed commercial banks in Kenya.

CONCLUSION AND RECOMMENDATIONS

First, the study concluded that operational excellence significantly influences growth of commercial banks in the sense that efficient operations improve service quality. Secondly, banks that engage in strategic alliance with telecommunication firms and agency banking can realize an increase in customer base. Thirdly, commercial banks engaging in product intelligence can get adequate information about products and services that have more market value. Lastly, commercial banks that with high customer intimacy intelligence can get reliable information about key products that attract and retain a huge customer base.

The study recommended that; first, operations managers in commercial banks should roll out innovative process operational tools to improve operational efficiency. Secondly, managers of listed commercial banks should engage viable strategic mergers with telecommunication firms and reinforce agency banking so as to attract and retain more customers that can boost bank growth. Thirdly, customer relationship managers of listed commercial banks should engage customers in marketable product development intelligence so as to come up with bank products and services that attract and retain a large customer base. Lastly, marketing managers in commercial banks should have an effective customer feedback mechanism so as to timely address product and service related complaints from customers so as not to compromise the cherished relationship that the customers have with their commercial banks.

Areas for further research

First, a similar research can be replicated using objective measures of growth of all commercial banks in Kenya. Secondly, another study can be done on influence of competitive intelligence strategy in deposit taking microfinance institutions.

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