CORPORATE STRATEGIES AND FINANCIAL PERFORMANCE AMONG FOREIGN COMMERCIAL BANKS IN BUJUMBURA, BURUNDI

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DECLARATION

I declare that this thesis is my original work and has not been submitted for any other award of a degree and published at any institution of higher learning.

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Shingiro Jean Oxas **Date**

APPROVAL

I declare that this thesis has been done by the student under my supervision and is ready for proposal hearing before the university research defense committee.

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Dr. Isaac Kayongo **Date**

DEDICATION

I dedicate this piece of work to my father, mother and siblings for their financial and emotional support during the course of my studies. May God richly bless them.

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My profound gratitude goes to the Almighty God for the gift of life and wisdom that He gave me throughout my studies.

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LIST OF ACRONYMS

COMESA	Common Market for East and Southern Africa
CRDB	Cooperative Rural Development Bank
CVI	Content Validity Index
DTB	Diamond Trust Bank
EAC	East Africa Community
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
KCB	Kenya Commercial Bank
ROA	Return on Assets
ROE	Return on Equity
SPSS	Statistical Package for Social Sciences

TABLE OF CONTENTS

LIST OF TABLES

Page

LIST OF FIGURES

ABSTRACT

There has been a drop in the financial performance of foreign commercial banks in Burundi. This has been attributed to the high level of competition, political interference, high level of poverty and low level of penetration to the rural 'unbanked', failure to recover loans/increasing non-performing loans, and decrease in return on assets. This study therefore investigated the relationship between corporate strategies and financial performance among foreign commercial banks in Burundi. The following objectives guided the study: to examine the effect of competitive strategy on the financial performance of foreign commercial banks in Bujumbura; to determine the effect operational strategy on the financial performance of foreign commercial banks in Bujumbura; and to establish the effect of resource governance on the financial performance of foreign commercial banks in Bujumbura.

The study used cross-sectional descriptive research design using a quantitative approach. The target population was 219 employees who included technical staff. A sample size of 142 respondents was determined and the simple random sampling was used to select the respondents. Questionnaire was used as the data collection instrument and data was analyzed using frequency, percentage tables, mean, standard deviations, and linear regression analysis.

The study revealed that competitive strategy significantly affects financial performance of foreign commercial banks in Bujumbura (R^2=0.153, p=0.000). Similarly, the study revealed that operational strategy significantly affects the financial performance of foreign commercial banks in Bujumbura (R^2=0.234, p=0.000). Lastly, the study revealed that resource governance significantly affects financial performance of foreign commercial banks in Bujumbura (R^2=0.286, p=0.000).

The study concluded that corporate strategies significantly affect financial performance. The study made the following recommendations: the management of foreign commercial banks should employ advanced and constant methods of market research so as to be on 'the know' of market threats, and opportunities; the management of foreign commercial banks should develop new processes of delivering their services to their customers; and the foreign commercial banks should continue improving the competence and skills of their employees through in-service training, conferences, meetings, and seminars. The study adds to the body of knowledge that in the banking industry of Burundi, the use of competitive strategies, operational strategies, and resource governance has significant effects on financial performance.

CHAPTER ONE
INTRODUCTION

1.0 Introduction

This chapter contains background of the study, statement of the problem, purpose of the study, objectives of the study, research question, scope, significance of the study, and operational definition of key terms.

1.1 Background to the Study

1.1.1 Historical Perspective

Until the late nineteenth century, organizations that were not owned by the nation state were too small to be considered as corporations. Small artisan factories thus driven by crafts needed strategies to survive and prosper against competitors, but formal corporate strategy did not exist (Sharma, 2014). But in the 1960s corporate strategy techniques were researched and adopted in 1970s. In the 2000s, new emphases on innovation were made and greater emphases were yet again made on the organization’s own resources rather than competition as the basis for strategy development. In this twenty first century business environment, an organization needs to have a strategy, which will enhance its competitive advantage over its rivals. It is evident that the ever-increasing competition and entry of new firms in the banking sector makes it mandatory for corporate strategies to guarantee better and enhanced performance so as to gain a competitive edge. Corporate strategyvariesfromoperationalandcompetitivestrategiessincecorporatestrategy defines the strategic intentions of the firm and the nature in which a firm needs to be structured (Mutegi, 2018). Corporate strategy implies to a series of consistent and logical decisions made by a firm over a span of time at the firm’s corporate level, which integrate themajor;policies,goals,andactionsequencesofanorganizationintoalogical perspective(Sukali & Musyoka, 2017). Corporate strategy does not function as an independent factor but comprises other constructs so as to function effectively. Corporate strategy influences the performance of business units which indirectly influences financial performance. Competitive strategies basically implies to the means used by a firm in an industry to increase its competitiveness (Astvansh, 2018).

In Africa, the banking sector is seeking to survive competitiveness, achieve high financial performance, and as well expect what their customers need and at the same time determine if they are satisfied with the firm's goods (Keragia et al., 2017). However, in a country such as Kenya, there are difficulties in the marketplace, which includes the increase in competition, and updating the customer requirement. Similarly, in Uganda, commercial banks need stronger market presentation, which comprises of innovation on marketing practices, which enables in the survival of competitiveness. This implies that commercial banks in Uganda and Kenya need to manage their main markets more effectively and efficiently compared to their competitors. This means that business entities need to adjust their operations continuously so as to seize opportunities in the market as well as vend of any business challenges that will affect the business strategies. For instance, Kenya Commercial Bank (KCB) opened a branch in Kampala (Uganda) that was later closed due to poor finance performance. The bank however, successfully ventured into Tanzania, Rwanda and Southern Sudan before re-opening the Kampala branch (Mugo et al., 2019).

In Burundi, the banking industry continues to grow, though the penetration of its products and services remain low at 1.3% of the GDP in 2017. This is still low as compared to the previous year (2016) where the penetration was estimated at 1.28% of the GDP (Burundi Ministry of Finance, 2018).In Burundi, as at the end of December 2017 the banking industry composed of ten commercial banks, thirty-seven active microfinance banks, and one National Bank of Economic Development. Out of the ten commercial banks, four banks are foreign owned (Shuman, 2018). Over that past ten years, commercial banks have found it difficult to cope with increasing competition by relying on the old operation strategies, which put increasingly greater pressure to the banks to acquire and to increase their performance. Therefore, to survive and thrive, the commercial banks have to make greater efforts to acquire or improve constantly their competitive advantages, and as a result, their level of competitiveness can provide them a higher level of financial performance (Niyongabo, 2018).

1.1.2 Theoretical Perspective

This study was guided by two theories, namely Agency theory and Resource-based theory. The two theories are expounded in the following paragraphs.

The agency theory paradigm was first formulated in the academic economics literature in the early 1970s (Ross 1973, Jensen & Meckling, 1976). This theory has become part of the standard equipment of cultural economists (Ginsburgh, 2006). It models the interaction of two sets of people, the principal on one hand and the agent on the other (Ricketts, 2002). The principal is the individual who hires another individual or organization called agents to act on its behalf. Ricketts (2002) asserts that agency theory describes committees/units as necessary structures to maintain contracts, and through firms, it is possible to exercise control, which minimizes opportunistic behavior of agents. This theory is related to this study in that when the principal (stakeholder) hires the agent (bank managers) and become too strict and influential on the activities of the bank managers, then it limits the performance of the bank managers, which consequently affects the financial performance of the banking institutions.

On the other hand, the Resource-Based View (RBV) was developed by Wernerfelt (1984) and Barney (2001), who contended that the bundles of assets at the firms' disposal and how they can be extended for different uses in order to gain a competitive advantage. It is a strategic management theory that assumes the heterogeneity of the firms' abilities and resources (Nicolai, 1998). Theory holds that unique capabilities and resources are essential in creating an ideal strategy for the firm in order to remain sustainable in a competitive environment. This theory is related to this study in that when the banking institutions have adequate resources in terms of well-trained and skilled human resources, adequate financial base, state-of-the-art technology, and assets such as land and buildings, then the banking institution is highly likely to have a better competitive advantage than its competitors.

1.1.3 Conceptual Perspective

Corporate strategy is defined by Ngwili (2016) as a strategic platform, or organization capability to cope a business in different environments with a set of strategic capabilities. Rivera-Rodríguez et al., (2017) argue that corporate strategy is a dynamic framework for a company strategy involving three interconnected elements that shape a company strategy itself, which are identifying success factors, company's initiative strategy and architecture design. Corporate strategy is also a continuous process upon which the company is compelled to work tirelessly so that the investors are convinced that their money is being effectively utilized thus increasing the equity of the company (Babafemi, 2015). In this study, corporate strategy was operationalized as competitive strategy, and operational strategy, and resource governance.

Financial performance refers to the degree to which financial objectives is being or has been accomplished (Kong et al., 2019). It is the process of measuring the results of a firm's policies and operations in monetary terms. It is used to measure a firm's overall financial health over a given period and include liquidity, profitability, market expansion, operating cash flows, debt to equity ratio among others (Ratembo, 2017). In this study, financial performance was operationalized as profitability.

1.1.4 Contextual Perspective

The banking industry in Burundi has, in the recent past, witnessed fierce competition that rose to the point where banks have been forced to change their strategies in order to maintain and enlarge their markets (Nyamoya, 2016). This has seen both the local and foreign commercial banks open new branches across the country and even others have entered the larger east African community markets through agency banking, internet banking, mobile banking as well as establish partnerships to enable them be on the top in the industry (Cheruiyot, 2015). For instance, in 2008, Kenya Commercial Bank was the first Kenyan financial institution to move into Burundi, followed by Diamond Trust Bank in 2009; while Ecobank and CRDB both started operating in Burundi in 2012.

1.2 Problem Statement

There has been a drop in the financial performance of foreign commercial banks in Burundi (Kaneza et al., 2019). The banks have a challenge of achieving profitability targets, total operational efficiency and service quality queried. For instance, the profitability of KCB dropped from $ 1,547million in 2016 to $1,481million in 2017 due to losses in unpaid loans. Similarly, the cash flow of ECOBANK dropped from $112million in 2016 to $101.8million in 2017 (Schuman, 2018). Furthermore, a report by DTB in 2018 revealed that the bank's earnings in return on assets (ROA) dropped by 2% in 2017 (DTB Annual Report, 2018). This poor financial performance exposes foreign commercial banks to high levels of credit risk due to reduction in the capital base of the banks.

Furthermore, several empirical studies have been done in areas of corporate strategies and financial performance by proponents such as Gikunju et al., (2019); Amburuka et al., (2019); Ratembo (2017); Arasa and Nduku (2015), however, with mixed results due to measurement variations, industry, and country. It is upon this content and contextual gap that this study sought to measure corporate strategies differently using competitive strategy, operational strategy, and resource governance, in the banking industry in Burundi. This study investigated to establish whether corporate strategy is among the reasons for the poor financial performance of foreign commercial banks in Burundi.

1.3 Purpose of the Study

To investigate the effect of corporate strategies on the financial performance among foreign commercial banks in Burundi.

1.4 Objectives of the Study

i. To examine the effect of competitive strategy on the financial performance of foreign commercial banks in Bujumbura.
ii. To determine the effect of operational strategy on the financial performance of foreign commercial banks in Bujumbura.
iii. To establish the effect of resource governance on the financial performance of foreign commercial banks in Bujumbura.

1.5 Research Questions

i. What is the effect of competitive strategy on the financial performance of foreign commercial banks in Bujumbura?
ii. What is the effect of operational strategy on the financial performance of foreign commercial banks in Bujumbura?
iii. What is the effect of resource governance on the financial performance of foreign commercial banks in Bujumbura?

1.6 Hypotheses

i. Ho_1: There is no significant effect of competitive strategy on the financial performance of foreign commercial banks in Bujumbura.

ii. Ho_2: There is no significant effect of operational strategy on the financial performance of foreign commercial banks in Bujumbura.

iii. Ho_3: There is no significant effect of resource governance on the financial performance of foreign commercial banks in Bujumbura.

1.7 Scope

1.7.1 Geographical Scope

This study was conducted in Bujumbura, which is the capital city of Burundi. The foreign commercial banks in Burundi include: Cooperative Rural Development Bank (CRDB), Kenya Commercial Bank (KCB), Diamond Trust Bank (DTB), and Eco Bank. This study will look at the four commercial banks.

Bank Name	**Location/address**
CRDB	"Burundi, Bujumbura Mairie, Rue du Marche, No3"
KCB	"KCB Bank Burundi LTD - Avenue Patrice Lumumba, BP 6119, Bujumbura, Burundi"
DTB	"14 Chaussée Prince Louis Rwagasore, Bujumbura, Burundi"
ECOBANK	"6 Avenue de la Science, Bujumbura, Burundi"

1.7.2 Content Scope

This study was limited to the effect of competitive strategy on the financial performance, the effect of operational strategy on the financial performance, and the effect of resource governance on the financial performance. Furthermore, the study measured the independent variable (corporate strategy) using competitive strategy, operational strategy, and resource governance; while the dependent variable (financial performance) was measured using profitability.

1.8 Significance of the Study

This study's findings will benefit the management of commercial banks by participating in effective corporate strategy that will strategically position the institution in the market.

The findings will also be vital to the government and its regulatory and policy frameworks. It will also enable the government to come up with effective regulations and policies that will help the commercial banks to mitigate challenges and ensure that there is conducive policy and regulatory framework for the development of the banking sector. This is only possible under a well thought and negotiated regulation and policy to steer growth in the banking sector.

The findings will also be used as input in the design of the policy and regulatory framework. The academic community will also benefit from the study through the added knowledge acquired through training, which will act as basis for further research. It will also fill the existing knowledge gap, which will add knowledge to all academicians with regard to corporate strategy.

The study will contribute to the body of knowledge in terms of theory required to understand the influence of corporate strategy and financial performance of commercial banks in Burundi. It will also provide a basis for referencing to other scholars who would wish to conduct similar studies in developing countries.

1.9 Operational Definition of Key Terms

Corporate strategy: refers to competitive strategy, operational strategy, and resource governance that will enable a commercial bank to meet the needs of their customers.

Competitive strategy: refers to when the commercial banks focus on customers, competitors, technological advancement, market research, advertisements and promotions, and employees to offset competition.

Operational strategy: refers to efficiency in a bank's service delivery processes, development of new processes, introduction of new service delivery processes, training of employees, adequacy in financial resources, and pursues constant improvement.

Resource governance: refers to when a commercial bank only invests in profitable ventures, competently manages its resources, successfully integrates its resources, has good business relationship with other businesses, and expands the competence of its employees through regular employee training, and symposiums.

Financial Performance: refers to the performance of foreign commercial banks in Burundi in terms of profitability.

Profitability: refers to the increase in sales volume, return on assets, return on equity, net profit, customer base, market share, and growth on investment.

CHAPTER TWO
LITERATURE REVIEW

2.0 Introduction

This chapter reviewed literature from different authors, scholars and publishers regarding the study constructs. The chapter will be subdivided into theoretical, conceptual and review of related literature.

2.1 Theoretical Review

This study was guided by two theories, namely Agency theory and Resource-based theory. The two theories are further discussed in the following sections.

2.1.1 Agency Theory

The agency theory was brought into perspective by Jensen and Meckling (1976). Mitnick(2015) asserts that agency costs are brought about by the misunderstanding between the managers and the company's shareholders. Agency costs are referred as the sum of monitoring paid by the principal, the bonding costs paid by the agent, and the overall residual loss. Good performances are often witnessed under situations of low agency costs which come with higher firm values keeping all other factors constant. This theory further states that the owners and management have varying interests.

Agency conflicts arise when companies separate the functions of management and ownership. They further demonstrate that the agency costs are bared by the stakeholders regardless of the person making the monitoring expenditures. Higher interests are charged by debt holders anticipating monitoring costs. Higher likelihoods of monitoring costs lead to high interest rates and lower firm value to its shareholders keeping all other factors constant (Mitnick,2015). The financial performance could be explained using three types of agency costs. The asset substitute effect asserts that a rise in debt to equity increases the incentive of the management to undertake more risky projects. All the benefits accruing from successful projects benefit the shareholders whereas the unsuccessful projects debt negatively influences the debt holders.

The undertaking of projects increases the probabilities of wealth transfer from debt holders to shareholders and a decline in firm value. Risky debts often benefit the debt holders instead of the shareholders, which lead to the problem of underinvestment. The management therefore has the mandate to reject projects with positive net present value despite their higher potential to increase firm value. It is also mandatory that the investors are given free cash flow failure to which the firm are allowed to destroy firm value through perks and empire building.

Complete protection requires exemplary enforcement costs and extreme covenant specifications. As the residual firm owners, it is the responsibility of the stock holder's tonsure that monitoring costs are held low up to some levels. The optimal amounts of debt that could be issued by a firms limited by monitoring costs. There is higher likelihood that the monitoring levels needed by the debtors rise with the outstanding levels up twosome levels. Lenders engage in limited monitoring when the levels of debt are limited. There are substantial costs associated with protective covenants and increase as the debt financing levels increase. The monitoring costs incurred by the shareholders seek tonsure that the actions of the managers are based on optimizing the value of the firm. Pouryousefi and Frooman (2017) assert that higher costs associated equity and debt and optimal combination of both debt and equity reduces total agency costs.

This theory is related to this study in that when the principal (stakeholder) hires the agent (bank managers) and become too strict and influential on the activities of the bank managers, then it limits the performance of the bank managers, which consequently affects the financial performance of the banking institutions.

2.1.2 Resource-Based View

The Resource-Based View (RBV) was developed by Wernerfelt (1984) and Barney(2001), who contended that the bundles of assets at the firms' disposal and how they can be extended for different uses in order to gain a competitive advantage. It is a strategic management theory that assumes the heterogeneity of the firms' abilities and resources (Nicolai, 1998). Theory holds that unique capabilities and resources are essential in creating an ideal strategy for the firm in order to remain sustainable in a competitive environment.

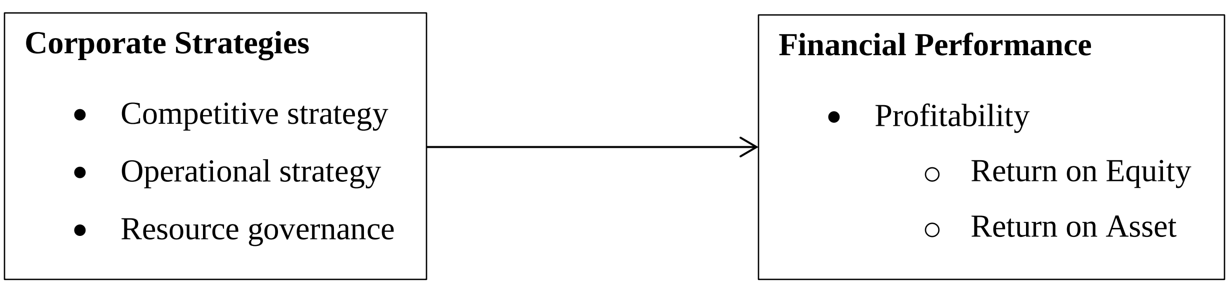
A firms' resources and capabilities determines sustainable firms' performance since it provides inherent and superior competitive advantage over other firms in the industry. The resource-based theory (RBV) also extends to a level of creating strategies, products and functions that cannot be duplicated by the competitors (Gimeno, 1999). This enables the firm to have ideal resources like human resources, technological resources and capital resources that competitors find it difficult to match hence allowing the firm to be the leader in the market over a period of time.

Having an ideal performance rate is as a result of the unique skills and resources a company utilizes in its operations (Day &Wensley, 2008). This superiority of skills and resources is as a result of strategies implemented in the firm which improves the competitive position and sustainability. And in order for the firm to continue enjoying the superiority of the skills and resources, there is need to develop and implement corporate strategies that are favorable to the development of the unique resources and capabilities (Wensley,2008).

2.2 Conceptual Review

Figure 2.1: Conceptual Framework

Independent Variable **Dependent Variable**



Source: Arasa and Nduku (2015), Sogo (2015), Seidu (2011)

The figure 2.1 above shows that corporate strategies is the independent variable measured using competitive strategy, operational strategy, and resource governance. On the other hand, financial performance, which is the dependent variable, has been measured using profitability. The relationship between the corporate strategy and financial performance is that when foreign commercial banks employ competitive strategy such as using advanced technologies and improving customer service, it will increase customer satisfaction, loyalty and eventual increase in profits. Similarly, when foreign commercial banks employ operational strategies such as efficient service delivery, and market research, they will eventually earn more profits from such strategies due to customer contentment. Lastly, when foreign commercial banks employ better resource governance by investing on their employees and profitable ventures, their profit earnings will also increase. Thus, it implies that better use of corporate strategies drive high profitability for commercial banks in Burundi.

2.3 Review of Related Literature

2.3.1 Corporate Strategy

Corporate strategy is a step taken by an organization in order to accomplish its goals with the aim of attaining superior financial performance (Liu & Lin, 2019). It is concerned with how companies create value across different businesses. The development of a successful corporate strategy entails creation of value and kind attention in three vital fields. The core function of corporate strategy is ensuring that at all time, the enterprises' value exceeds the sum of its components. Corporate level strategy is mainly concerned with the strategic decisions made by a business, which influence the organization as a whole. Mergers and acquisitions, financial performance, resource allocation and human management of the personnel are elements of corporate level strategy. An effective corporate strategy should aid effective resource allocation to bring the best investment opportunities, enhances the competitive position of a firm, add value beyond the sum of its parts and drive raise expectations of the firm both internally and externally (Muhammad, 2014).

Grinblatt and Titman (2016) recommend that a corporate strategy coincide with the competitive environment requirements. It also must makes use of present and emerging opportunities and diminish the effects of major threats, placing realistic terms on the company‘s resources. Liu and Lin (2019) stipulates that corporate strategy must be developed and acted upon to reinforce set goals by a firm‘s business policy. It sets to answer questions such as, what set of businesses should the company be in? 'More specifically, a corporate strategy is a company‘s way of creating value through the configuration and coordination of its multi-business corporation. A corporate strategy differs from a business strategy, which focuses on building a competitive advantage in the specific business or market of operation and hence can be considered as part of corporate strategy.

Therefore a corporate strategy describes an organization‘s overall direction towards growth through investment in diversification, vertical integration, mergers and acquisition, turnaround, strategic alliances and outsourcing. With increased complexities in terms of uncertainties, threats and constraints in the business world, corporate strategy helps to keep at pace with the business dynamic and fast changes, minimizes competitive disadvantage and competition (Porter, 1985).

There is no standard criterion for the selection of the most suitable performance indicator since performance measurement could be performed for different reasons and each performance measurement is carried out for a specific reason. Firm performance entails the comparison of an organizations' actual output against the intended output. To boost performance, an organization's governing body and managers formulate programs ascertain the organizations current level of performance and comes up with ideas for improving the infrastructure and behavior of the organization which are then implemented to attain higher yield. Simple forms of measurements are used to determine performance at organizational level such as conducting surveys on customer satisfaction upon which qualitative information regarding performance could be obtained from the customers' point of view (Parast, 2019).

Obeidat et al., (2019) opine that because corporate strategy is concerned with multi-business, it implies diversification of business. Diversification may be defined as the entry of a firm or business unit into new lines of activity, either by processes of internal business development or acquisition, which entails changes in its administrative structure, systems, and other management process. Ireland et al., (2013) also stated that a corporate level strategy specifies actions a firm takes to gain a competitive advantage by selecting and managing a group of different businesses competing in different product market. Meanwhile, Shi and Li (2019) said parent firms' strategies refer to strategic motives, importance, focus, and competitiveness.

Corporate strategy contributes to making the organization become integrated as one body through the addition of value in comparison to it acting as separate grouped components; it‘s made of four categories namely managing portfolio-practice, change of structure, skill movement, and sharing of knowhow (Kwabena, 2016). The creation of shareholder value through diversifying the firms portfolio depends on other mechanism as the factors cannot be mostly exclusive mutually. According to Altay (2018), portfolio–practice and restructuring does not need connection but skill movement and knowledge sharing depends on communication through an established connection. In the present situation more practicability is displayed by others although majority of them have brought success in the best situations. The ignorance of any of them can be a receipt to failing (Porter, 1980).

Strategy at the corporate level deals with decisions that have big impact on the entire organization (Kalombo, 2015). Performance on finance, and when business merge and acquire, management of human capital and the process of resource distribution happens at the corporate level. Strategies at the corporate levels can be employed in three types (Ageeva & Foroudi, 2019). Businesses can strive to fight out competition to add its market share by using value-adding strategies. It is from using the above strategy that organizations are able to progress in value addition by taking advantages of capacity and capital endowed to its self and share them throughout the organization to lower cost and create effectiveness.

Fonseca (2017) explains that diversifying is attributed as among the forms used in creation of value to organizations. The lack of distributing capital and human resource in a market by and an organization forms the value-neutral strategy; its main work is to increase the organization operations. Reduction-value strategies come up when organizations shareholders of a large organization feel it‘s going opposite it core business and also feel It is only the strategic management who are gaining in diversifying.

According to Haddad et al., (2019), the major elements of corporate strategies include competitive strategy, operational strategies and resource governance. Thus, this study will expound on each of the elements of corporate strategies and their relationship with financial performance in the subsequent sections of this chapter.

2.3.1.1 Competitive Strategy and Financial Performance

Competitive strategy is defined as those strategies employed to determine how the firm will compete in its markets, aiming to secure sustainable competitive advantage. In other words, strategies that operates at the business level of the firm (Doyle &Hardie, 2002). Examples of competitive strategies include the discovery of new market opportunities, and the development of new products and services to satisfy customer demand. The most influential competitive strategy typologies include those of Miles and Snow's (1978) reactor, prospector, analyzer and defender model, and Porter's(1980) generic competitive strategies. According to

Porter (1985), competitive strategy is the search for a favorable competitive position in an industry, the fundamental arena in which competition occurs.

Competitive strategy aims to establish a profitable and sustainable position against the forces that determine industry competition. Okwemba (2019) noted that competitive strategy is concerned with how a business achieves a competitive advantage in its domain of activities. Porter (1996) argues that competitive strategy is about being different. It means deliberately choosing a different set of activities to deliver a unique mix of value. Competitive strategy is concerned with how a company can gain a competing advantage through a distinctive way of competing. Ombasa and Nzulwa (2018) lament that having a competitive advantage is necessary for a firm to compete but what is more important is whether the competitive advantage is sustainable.

Hosseini et al., (2018) posit that the core of a firm's competitive strategy consists of its external and internal initiatives to deliver superior value to its customers. It includes offensive and defensive moves to counter the maneuvering of rivals, actions to shift resources around to improve the firm's long-term competitive capabilities and market position and tactical efforts to respond to whatever market conditions prevailing at the moment. The competitive aim is therefore to do significantly better job of providing what buyers are looking for, thereby enabling the companies earn a competitive advantage and out compete rivals in the market place.

According to Maina (2019), a firm in a very attractive industry may not earn profits if it has chosen the wrong strategy and conversely, a firm in an excellent competitive position may be in a poor industry that is not profitable. Porter's (1985) five forces framework helps identify the attractiveness of an industry in terms of five competitive forces: the threat of a new entrant, the threat of substitutes, the power of buyers, the power of supplies and the extent of rivalry between competitors.

Furthermore, Mugo et al., (2019) conducted an investigation into competitive intelligence practices and their effect on profitability of firms in the banking industry using a case of Equity Bank. The study highlighted intelligent product development as one measure of effectiveness in the application of competitive strategies. Using intelligence from the market, organizations need to develop new products and services aimed at meeting the unmet customer needs on the market.

Their findings showed that intelligent products deliver a whole new range of capabilities that cannot be found in other products.

Albanian et al., (2015) examined the impact of generic competitive strategies on organizational performance and established significant positive effects of the three competitive strategies: cost leadership, differentiation and focus strategies on performance. Dirisu et al., (2013) studied product differentiation as a tool of competitive advantage and optimal organizational performance using a study of Unilever Nigeria PLC. The study concentrated on product differentiation as a tool of competitive advantage on the organizational performance of manufacturing companies. The results indicate that product differentiation has a positive and significant influence on organizational performance of Unilever Nigeria PLC.

Ndede (2010) carried out a study that explored the challenges faced by Barclays Bank of Kenya and the strategies it employs to achieve competitive advantage. The finding of the study was that Barclays Bank of Kenya employs differentiation strategy that aims at achieving competitive advantage by offering better products or services at the same price or enhancing margins by charging a premium price, often to reflect the higher production costs and extra value added features provided to the customers.

A study by Sadoulet (2005) did a study on the relationship between competitive strategies and market penetration of commercial banks in Europe. The study used a longitudinal study using data for ten years. A semi-structured questionnaire was used to collect primary data and secondary was obtained from financial statements. The study concluded that commercial banks that adopted competitive strategies highly penetrated the market compared to other banks. Through cost leadership strategy banks these banks attracted all classes of customers.

2.3.1.2 Operational Strategy and Financial Performance

Operational strategy is defined as those functional level strategies created to implement and execute competitive strategy. Short-term operational strategies direct individual departments within the firm. Johnson and Scholes (1999) defined operational strategies as those concerned with how the component parts of the organization in terms of resources, processes, people and their skills effectively deliver the corporate and business level strategic direction.

According to Amoako-Gyampah et al., (2019), organizations seek to integrate the overall corporate strategy with the operations of the individual banking facilities. Thus, how well this integration is achieved affects the profitability and long-term success of the firm. Tatoglu et al., (2019) explain that there are two main elements to the operations strategy. First is what it must be able to do to produce a competitive product such as efficiency, goals, flexibility, costs and quality. The other is the set of decisions made to support banking services equipment choices, vertical integration, quality procedures, etc. and these choices must match the product strategy (Tatoglu et al., 2019).

According to Hosseini et al., (2018), the pattern of banking choices that a company makes is one element of a banking strategy. Cox et al., (2016) classifies strategic banking decisions as “bricks and mortar” decisions and infrastructure. "Bricks and mortar" decisions are decisions about facilities, technology, vertical integration, and capacity. Banking infrastructure decisions relate to topics such as organization, quality management, workforce policies, and information systems architecture (Tatoglu et al., 2019). “Achieving long-term success requires that banks possess not only the operational capabilities and competencies to compete in existing markets, but also the ability to recombine and reconfigure assets and organizational structures to adapt to emerging markets and technologies,” (Raffaelli et al., 2019).

Amoako-Gyampah et al., (2019), focused on five major banking practices: workforce development, process quality management, just-in-time (JIT) flow, supplier relationship management, and product-process development. Workforce development practices improve workers’ abilities through enhance worker control over their work and cross training (Schonberger, 1996). Process quality management practices make use of associated tools to promote the continuous improvement of process capabilities. Just-in-time flow practices have the primary goal of eliminating wastes such as unnecessary movement, work-in-process inventories, and queuing (Wolniak, 2019).

According to Hosseini et al., (2018), supplier relationship management practices moves the company from arm’s length transactions toward partnerships and promotes closer involvement with fewer, select suppliers by establishing long-term relationships, information sharing systems, certification and training, and joint investments. These partnerships allow for more learning through problem solving with customers and suppliers and have been called external learning (Schroeder et al., 2002). One of the big advantages from a RBV and competitive advantage point of view is that relationships with customers and suppliers create tacit knowledge that is not easy to duplicate (Bates& Junttila, 2002).

2.3.1.3 Resource Governance and Financial Performance

Resource governance encompasses the deliberate intent to capture, accumulate, reconfigure, protect and leverage renewable, existing, potential and unrealized resources (Alonso & Andrews, 2019). They also noted that additional value can be created when firms leverage their resources, thus increasing the effectiveness of the resource. Resource leverage encompasses maximizing the return from resources, further developing resources through learning, exploitation, and spreading resources into additional arenas, that is, resource widening (Chan & Reiner, 2019). Resource leverage can be achieved by concentrating resources on strategic targets, resource accumulation, increasing value by complementing resources, resource conservation, and the rapid recovery of resource expenditure to payoff (Alonso & Andrews, 2019).

Fernandes and Machado (2019)argued that managerial capabilities are utilized by firms to "build, integrate, and reconfigure organizational resources and competences" (p. 1012). To create value, resources need to be "released", that is, transferred or deployed. The main mode of delivery of these decisions is via corporate strategy: "The corporate centre can act as an internal capital market - that is, as an alternative to the outside capital market - in allocating resources to the divisions" (de Figueiredo et al., 2019). Corporate strategy accumulates, leverages and allocates the firm's resource base. For example, specific corporate strategies, such as mergers, acquisitions, alliances and joint ventures, are often employed to accumulate additional resources.

Various typologies for classifying firm resources have been advanced in the literature; for example, Ngwenya (2017) categorized resources into tangible and intangible resources, whereas Chhabra and Popli (2019) identified categories of physical, human, and organizational resources. In contrast, Miller and Shamsie in their 1996 study on Hollywood firm studios divided resources into property-based resources (e.g., physical assets and human capital) and knowledge based resources (e.g., organizational culture and managerial resources).

According to Golesorkhi et al., (2019), interfirm competition involves the competition for the core competencies of the future. The characteristics of core competencies, that is, long-term, investment heavy, firm-wide, and their importance to firm survival, mean that core competency management eclipses viewing resource governance simply as an allocation programme between small business units (Tolla et al., 2019). Dubey et al., (2019) suggested that the transference of core competencies throughout the company can lead to synergy. Consequently, core competency governance should be managed centrally (via corporate strategy decisions) so that the core competencies are integrated and repeatedly used firm-wide, rather than in a decentralized, fragmented manner. In other words, "because core competencies are the highest level, longest-lasting units for strategy making, they must be the central subject of corporate strategy" (Tolla et al., 2019).

de Boer (2016), predicts that the possession and utilization of valuable resources leads to firm performance, for example, only accumulated competences that enable the firm to build new strategic assets more quickly and efficiently than its competitors will allow it to sustain supernormal profits. The means of achieving firm performance is by the proficient exploitation and renewal of resources and capabilities relative to competitors (Bekele, 2018). Likewise, Krishnan et al., (2019) suggested that industry leadership will be determined by the ability of firms to leverage their resources. Hartnell et al., (2019) advocated that the successful management of firm resources leads to the creation of corporate advantage. Furthermore, it has been argued that firm performance can be attributed to the creation of synergy from the possession of similar resources amongst various small business units although synergy occurs from the successful integration and administration of resources (Alekseenko et al., 2019).

Faems and Madhok (2019) also noted that resources held within and across firm relationship networks (e.g., suppliers) can lead to firm performance through such mechanisms as investing in relationship specific assets, knowledge exchange (organizational learning), creating new products and technologies through combining complementary resources and lastly, the effective governance mechanisms which lower transaction costs. Moore et al.,

(2018) found that interfirm relationships improved firm performance due to resource leverage resulting from access to additional core competencies and capabilities, expansion and improvement in existing core competencies, development of complementary resource combinations, network capabilities, and the creation of multiple knowledge flows.

2.3.2 Financial Performance

Performance refers to the ability to operate efficiently, profitably, survive, grow and react to the environmental opportunities and threats (Ireri, 2016). Performance is one of the major indicators that explain the level of development of any society. Recently, the challenges of the global business environment have re-echoed the need for corporate organizations to have more concerns about the success of business firms. As a social business, commercial banks have both financial as well as social objectives. Given this, the performance of commercial banks should be measured by using not only financial but also non-financial or social measures (Balyuk, 2018). To measure bank performance, the extant literature relies on both accounting and market measures (Lelissa et al., 2017). Market performance reflects expectations of firm's prospects and its ability to adapt to potential changes (Krueger et al., 2019). It includes the present value of expected future profits valued by the financial market. However, the market measure fits only listed firms and is appropriate if the market is efficient. Some studies have used different types of performance indicators to measure firm performance.

For example, Smith et al., (2019) identified 71 performance parameters that have been used by researchers to measure both financial and non-financial performance. In most situations, researchers use financial measures to explain firm performance. For instance, measures such as return on investment, return on sale and return on equity are some of the commonly used parameters to measure performance (Ahmed et al., 2019). Thus, for a more comprehensive assessment, organizations have resorted to the utilization of both financial and non-financial performance measures. For example, Hushko et al., (2019) have used both financial and non-financial indicators such as process improvements, customer satisfaction, capacity utilization and product service quality to measure firm performance (financial profitability, growth in size/assets, customer satisfaction, product/service quality, capacity utilization, process improvements, employment stability, employee training).

2.3.2.1 Profitability

Profitability is the ability of a business to earn a profit (Wahlberg, 2017). Profitability is ability of a company to use its resources to generate revenues in excess of its expenses. In other words, this is a company's capability of generating profits from its operations (Pustelnik & Hallberg, 2013). Profitability is the primary goal of all business ventures. Gaganis et al., (2019) explains that without profitability a banking institution will not survive in the long run. So measuring current and past profitability and projecting future profitability is very important. Stierwald (2016) contends that profitability is one of the four building blocks for analyzing financial statements and company performance as a whole. The other three are efficiency, solvency, and market prospects. Investors, creditors, and managers use these key concepts to analyze how well a company is doing and the future potential it could have if operations were managed properly (Stierwald, 2016).

According to Gituma (2017), the two key aspects of profitability are revenues and expenses. Revenues are the business income. This is the amount of money earned from customers by selling products or providing services. Generating income is not free, however Gituma (2017) maintains that businesses must use their resources in order to produce these products and provide these services. Al-Nimer and Yousef (2015) reason that resources, like cash, are used to pay for expenses like employee payroll, rent, utilities, and other necessities in the production process. Therefore profitability looks at the relationship between the revenues and expenses to see how well a company is performing and the future potential growth a company might have (Al-Nimer & Yousef, 2015).

Profitability is measured by an income statement that maintains a record of income and expenses over an interval of time (Adefulu, 2015). Businesses cannot survive without profitability, and a highly profitable business rewards its owners with a considerable return on their investment. According to Gateka (2019), business managers are responsible for increasing a firm's profitability, by subjecting each process under scrutiny, the aim is to point out changes that improve profitability. These changes can be examined with pro forma income statement, also referred to as, Partial Budget, allowing one to analyze the impact of these modifications on profitability, before implementing it (Asimakopoulos et al., 2017).

According to Fitzsimmons et al., (2016), different decision tools or profitability ratios can be employed to evaluate a bank's profitability. The tools include among others, profit margin, return on assets and return on equity. According to Meriläinen (2015) profit margin is expressed in percentage and can be assessed by dividing net income by revenue. Net income or net profit is the remaining amount after subtracting company expenses from total revenue. Gross profit margin, pre-tax profit margin, net margin, operating margin are different kinds of profit margins commonly used during evaluation.

Andersson and Wachtmeister (2016) claim that though it is quite helpful in comparing the profitability of two different companies, it is necessary that both these organizations have to be from the same industry, containing similar business models and demonstrating the same revenue. A comparison otherwise would be inaccurate, and therefore, redundant. In the case of companies that are losing money, the profit margin is inconsequential as they are not generating any profit (Alharthi, 2016). According to Seidu (2011) four useful measures of firm profitability are the rates of return on firm assets (ROA), the rate of return on firm equity (ROE), operating profit margin and net firm income.

In additionally, ROA measures the return to all firm assets and is often used as an overall index of profitability, and the higher the value, the more profitable the firm business (Kharatyan, 2016). According to Baten and Kamil (2016), return on assets (ROA), also known as return on investment (ROI), acts as an indicator of company profitability in relation to its total assets. It reveals how efficient the management is in employing resources to its full potential, to generate profit. ROA is denoted as a percentage and is calculated by dividing an organization's annual earnings by its total assets (Akhmedjonov & Balci, 2015). In the case of public companies, ROA varies significantly as they are quite dependent on the industry. Therefore, ROA, when used to compare company profitability should be evaluated against past ROA numbers or ROA of an analogous company. Higher ROA is the preferable result as it denotes that the business is generating more revenue on less investment (Chavarin, 2016).

On the other hand, ROE measures the rate of return on the owner's equity employed in the firm business (Mubin et al., 2014). Similarly, ROE is the ratio that assesses revenue generated by a company in relation to investments made by equity holders (Alarcon & Sanchez, 2013). It is also denoted as a percentage and measures a company's efficiency, indicating its capacity to generate profit without much investment (Mungal, 2015). A higher ROE is a measurement of management efficiency when utilizing investment. One should be aware that decrease in value of shareholder's equity, for instance, write-downs or share buy-backs, boosts ROE number mechanically. The same thing can be observed in cases of high debt. Therefore, to get accurate ROE, comparisons should be made within the same industry, and evaluation (high or low) should be achieved under the same context (Cardesjö & Lind, 2017).

Furthermore, profit margin, net margin, net profit margin or net profit ratio is a measure of profitability. It is calculated by finding the net profit as a percentage of the revenue (Heino, 2015). Profit margin is calculated with selling price (or revenue) taken as base times 100. It is the percentage of selling price that is turned into profit, whereas "profit percentage" or "markup" is the percentage of cost price that one gets as profit on top of cost price (Iglesias et al., 2019). While selling something one should know what percentage of profit one will get on a particular investment, so companies calculate profit percentage to find the ratio of profit to cost. According to Dao (2016), the profit margin is used mostly for internal comparison. It is difficult to accurately compare the net profit ratio for different entities. Individual businesses' operating and financing arrangements vary so much that different entities are bound to have different levels of expenditure, so that comparison of one with another can have little meaning. Ginting (2015) argues that low profit margin indicates a low margin of safety: higher risk that a decline in sales will erase profits and result in a net loss, or a negative margin. Profit margin is an indicator of a company's pricing strategies and how well it controls costs. Differences in competitive strategy and product mix cause the profit margin to vary among different companies (Svahn, 2013).

2.4 Empirical Studies

Gikunju et al., (2019) in their study examined whether Marketing Promotion Strategy influence performance of tea industry in Mount Kenya region. The study adopted descriptive research design. The target population was 117 management team comprised of five regional management team ; regional accountant, operations manager, production manager, auditor, and 112 top management in 16 factories who include, 16 manager 16 production managers 32 accountants 32 training managers and 16 field coordinators sixteen factories that lie in Mount Kenya region. Correlation results indicated that there was a strong positive association between marketing promotion strategy and performance of tea industry. The results showed marketing promotion strategy was significant with performance of tea industry. Regression results showed that there is a strong positive relationship between marketing promotion strategy and financial performance of the tea industry. The study concluded that marketing promotion strategy has a high prediction power when grouped together in terms of tea pricing using predictive discriminate analysis.

Abdul and Rahman (2019) tested the impact of strategic planning on enhancing the strategic performance of Bahraini banks. The study has two variables. The strategic planning as an independent variable included a group of four perspectives, namely environmental scanning, strategy formulation, strategy implementation, and strategy evaluation. The strategic performance as a dependent variable also included a group of four perspectives: financial, customer, internal business process, and learning and growth. The sample of the study consisted of the employees of 10 of all the 12 commercial banks in Bahrain. A questionnaire was developed to gather the data. Five questionnaires were distributed to each bank totaling 50 questionnaires. The results showed that the strategic planning had a good statistically significant impact on financial, customer, and learning and growth. The results also showed a medium statistically significant impact of strategic planning on internal business process. The research recommended focusing on all aspects of the strategic performance in the banks under study, specifically the internal business process perspective.

Amburuka et al., (2019) investigated on the moderating influence of firm-level factors on the relationship between strategic planning and performance. Through a cross-sectional descriptive survey, data was obtained using a structured questionnaire from 72 manufacturing firms representing 52.17 percent response rate. Data obtained were analyzed using both descriptive and inferential statistics. Hypothesis was tested using both simple and multiple regression analysis. The findings established that firm-level factors had a significant moderating influence on the relationship between strategic planning and performance. The independent influences of the firm-level factors' indicators used were all significant. The study suggested that the managers of the manufacturing firms in Kenya need to synchronize the strategic planning and firm-level factors for superior performance.

Ratembo (2017) conducted a study to find out the association between corporate strategy and financial performance of the Kenyan insurance companies. The data were analyzedthroughregressionanalysisanditwasestablishedthatcorporatestrategy adopted had an influence on the firm performance as measured by financial and non-financial metrics, and it was also established that more companies are adopting strategic alliances and partnerships in order to increase and maintain respective market shares. It was established that corporate strategy enhances competitive advantage of the organization over its rivals. The research recommended that government through its various agencies should put in place therightpolicies,whichsupporttheinsurancefirmsasawayofincreasingthe contribution to the economy. Further studies are recommended to establish the effect of competitive advantage on the survival of insurance companies and how portfolio mix influence the adoption of generic corporate advantage strategy by insurance companies in Kenya.

Arasa and Nduku (2015) conducted a study to examine the influence of international market entry strategies on the financial performance of manufacturing multinationals in Kenya. Questionnaire was used as the preferred data collection tool. Both descriptive and inferential statistics were utilized to facilitate data analysis. Results indicated that manufacturing multinationals used various international market strategies to venture into business. These strategies include licensing, whole owned subsidiaries, joint venture, exporting, direct investment and strategic alliances. Study findings also indicated that firms intending to go international do consider various factors when making a choice of a market entry strategy. These considerations include resources available, company competence, competition in the market, size of the host country, availability of possible partnering firms within host country, host country requirements and state of firm development. Regression results indicated that market entry strategies do influence firm financial performance (profitability and market share). The study concluded that manufacturing multinational firms use more than one market entry strategy to venture into the international arena and all market entry strategies have a positive and significant relationship with performance of firms. The study recommends that multinationals firms to invest in research to facilitate fact-based decisions on the choice of international market entry strategies.

Arasa and Obonyo (2012) examined the relationship between strategic planning and firm performance giving attention to the strategic planning steps. Correlation analysis results indicated the existence of a strong relationship between strategic planning and firm performance. Further, all the strategic planning steps (defining firm’s corporate purpose, scanning of business environment, identification of firm's strategic issues, strategy choice and setting up of implementation, evaluation and control systems) were found to be positively related to company performance.

Tornyeva and Wereko (2012) conducted a study in Ghana on corporate governance and firm performance. The primary data used in the study was gathered through the administration of questionnaires whereas the national insurance commission was used to extract secondary data. Data analysis was executed using the panel data methodology. The study findings indicated that board skill, large board size, experienced CEOs, management skill, audit committee independence, foreign ownership, institutional tenure, dividend policy and annual general meeting have a positive linkage with the financial performance of the Ghanaian insurance companies. Thus, insurance companies were advised to adopt good practices of corporate governance so as to attain better financial performances and safeguard the shareholders' interests.

Furthermore, a study on corporate governance and insurance company growth was carried out by Fadun (2013) in Nigeria. The study used an empirical research design and data was collected from 112 respondents using a structured questionnaire. Data analysis and testing of hypothesis was performed using the Pearson product coefficient of correlation. The research findings state that desirable corporate governance promotes effective supervision, sound insurance practices promotes superior corporate governance for the insurance industry in Nigeria, which has enhanced growth in the sector. Kipkurui (2011) studied on the association between financial performance and corporate governance of the Kenyan insurance companies, and established that a negative association exists between the Board size and non-executive directorships exist with return on Asset.

Mbaabu (2010) further studied on the link between corporate governance, ownership structure and financial performance of the Kenyan insurance companies. The study comprised 41 licensed insurance companies. The findings revealed that the average number of board members in Kenyan insurance companies was either 6 or 7 with non-executive directors being in the range of 5 and 6. The results showed a positive return on assets however, when ownership was considered, the results became negative. The results further showed that board size and constitution and financial leverage have a significant impact on both return on equity and return on assets.

2.5 Gaps of the Study

Several studies such as that of Gikunju et al., (2019); Amburuka et al., (2019); Ratembo (2017); Arasa and Nduku (2015); Arasa and Obonyo (2012); Tornyeva and Wereko (2012); Fadun (2013); Kipkurui (2011); and Mbaabu (2010) have been conducted in the area of marketing promotion strategy and performance; strategic planning and strategic performance; corporate strategy and financial performance; international market entry strategies and financial performance; strategic planning and firm performance; corporate governance and firm performance; corporate governance and company growth; financial performance and corporate governance; corporate governance, ownership structure and financial performance. None of the above studies has investigated the relationship between corporate strategy and financial performance thus presenting a content that this study intends to close.

Furthermore, Ratembo (2017) conducted a study to find out the association between corporate strategy and financial performance of the Kenyan insurance companies. In Ratembo's study, corporate strategy was measured using corporate strategy, sustainable strategies, and corporate advantage strategy, while financial performance was measured using organization sales performance, return on investment, and net income. However, the current study closes the content gap by measuring corporate governance using competitive strategy, operational strategy, and resource governance, while financial performance is measured using profitability.

Furthermore, all the above studies have been done in other countries such as Bahrain, Kenya, Ghana and Nigeria, except Burundi and particularly in the banking industry thus presenting a contextual gap that this study investigated.

CHAPTER THREE
METHODOLOGY

3.0 Introduction

This chapter included research design, study population, sample size, sampling technique, data sources, data collection instruments, validity and reliability, data collection procedure, data analysis, ethical considerations and anticipated limitations of the study.

3.1 Research Design

The study adopted a cross sectional descriptive survey design. Cross sectional descriptive design aim to describe or define a subject, by creating a profile of banks through the collection of data and tabulation of the frequencies on research variables or their interaction (Cooper and Schindler, 2003). Best and Khan (2009) argued that descriptive surveys describes and interprets phenomena and are concerned with conditions or relationships that exists, opinions that are held, processes that are going on, and effects that are evident or trend that are developing. The choice of this research design is justified since the study aims at identifying the general characteristics of corporate strategies employed by foreign commercial banks in Burundi. Similar studies that have used this approach include: Wolf (2015), Arasa and Nduku (2015), Akande and Khadka (2018).

3.2 Study Population

The population of the study in this current research comprised of all the foreign commercial banks in Burundi, which included: CRDB, KCB, DTB, and ECOBANK (Human Resource Reports, 2019). The target population included all the employees (i.e. management and technical staff) of the foreign commercial banks. The total target population was 219 employees.

3.3 Sample Size

The sample size for this study was calculated using Slovene's formula.

$n = \frac{N}{1+N(\alpha)^2}$; Where N=target population, n=sample size, and α=0.05 level of significance.

$n = \frac{219}{1+219(0.05)^2}$;

$$\boldsymbol{n = 142}$$

Therefore, the sample size of this study was 142 respondents. Table 3.1 gives the summary of the population and sample size.

Table 3.1: Study Population and Sample Size

Banks	**Target Population**	**Sample Size**
CRDB	47	30
KCB	65	42
DTB	46	30
ECOBANK	61	40
Total	**219**	**142**

Source: Human Resource Reports (2019)

3.4 Sampling Technique

This study used simple random sampling to collect data from the technical staff. This was achieved by the researcher writing the names of the technical staff in different pieces of papers. The papers were then put in a bowel and shaken to randomize them. The researcher then randomly selected the names of the respondents from the pieces of papers and until he was satisfied with the numbers of respondents that he needed. This sampling technique was preferred because it gives equal opportunity for each participant to be included in the study without bias.

3.5 Data Source

The study used primary data sources. Primary data was collected using questionnaire on the topics of corporate strategy and financial performance. kjhluhlhuhuh

3.6 Data Collection Method

The study employed questionnaire survey as the data collection method. The questionnaire survey was done objective by objective targeting the technical staff to respond to questions regarding corporate strategies and financial performance. The data collection tool that was employed in this method was questionnaires (structured questionnaire). The questionnaire was preferred because it is easy to administer, saves time and allows for doubts to be clarified on spot from many respondents (Sekaran, 2003).

3.7 Data Collection Instrument

The questionnaire was the main research instrument for this study. A questionnaire is easier to administer, less costly, and ensures greater depth of response (Mugenda & Mugenda, 2003). This study employed close-ended questionnaires (structured questionnaire) – where some questions were presented and the responses were fined and the respondent were expected to choose the answer from the options given him/her. Furthermore, the questionnaire were sub-divided into three sections; namely: Section A, was used to collect data regarding the profile of the respondents, that is, gender, age, education level, and work experience. Section B was used for collecting data regarding corporate strategies, and section C captured data on financial performance. A five Likert scale was used; where 1=strongly disagree; 2=disagree; not sure; 4=agree; and 5=strongly agree. The five Likert scale was preferred by the researcher because it captures all the ideas, views and opinions of the respondents.

Questionnaire was preferred in this study because it is cheap and can cover a wide range of respondents; provides respondents with adequate time to understand the questions asked and provide answers accordingly; a researcher is able to collect data from a wide range of samples from the target population, group or elements under investigation; and questionnaires maximise objectivity since the researcher is dependent on respondent's views/ opinion (Kothari, 2004).

3.8 Validity and Reliability

Validity as the extent to which a measuring instrument on application performs the function for which it is designed (Uyimadu, 2005). To ascertain the validity of the instrument, content validity was adopted. The instrument was validated by the researcher's supervisors at the College of Economics and Management of Kampala International University. They ensured that the instrument represents the entire range of possible items to be tested in the study. The questionnaires were modified in line with their recommendations. Furthermore, content validity index (CVI) was used; where CVI value greater than 0.70 was considered valid otherwise not valid (Amin, 2005).

$$CVI=\frac{items\ declared\ valid\ by\ experts}{total\ number\ of\ items}$$

$$CVI=\frac{24}{26}$$

CVI=0.92

The CVI of 0.92 of this study implies that the instrument was valid, according to 0.70 recommended by Amin (2005).

Reliability is the tendency toward consistency found in repeated measurements (Sekaran & Bougie, 2010). The reliability of the instrument was ascertained using the internal consistency method. The questionnaire was given to a 10-man expert on the field for their grading based on 5-point Likert scale. The researcher used the Cronbach's alpha correlation matrix to test the reliability of the instrument as ranked by the experts. Table 3.2 provides the rule of thumb for Cronbach's alpha coefficient value by Zikmund et al. (2010), while table 3.3 gives the Cronbach's results for the study.

Table **3.2**: Rule of Thumb for Cronbach's alpha Coefficient Value

Alpha Coefficient Range	**Strength of Association**
0.90 to 1.0	Excellent
0.80 to 0.89	Very Good
0.70 to 0.79	Good
0.60 to 0.69	Moderate
Less than 0.60	Poor

Adopted from: Zikmund et al. (2010)

Table 3.3: Cronbach's Reliability Results

Tested variables	**Number of items**	**Cronbach's alpha**
Corporate strategies	18	0.931
Financial performance	8	0.847

The above results show that Cronbach's alpha value on corporate strategies was interpreted as 'Excellent', implying that there was high level of reliability because of the high level of internal consistency. On the other hand, the Cronbach's alpha value for financial performance was interpreted as 'Very Good', implying a high level of reliability due to high level of internal consistency.

3.9 Data Collection Procedure

An introduction letter was obtained from the College of Economics and Management of Kampala International University (KIU) for the researcher to solicit approval to conduct the study from the four commercial banks. During the administration of the research instruments on the selected respondents, the respondents were properly and adequately oriented on the study and why it was being carried out. The respondents were requested to sign the informed consent form. They were also guided on how to fill the questionnaires, and the importance of answering every item of the questionnaire without leaving any part unanswered. The respondents were requested to kindly respond to the questionnaire on time. The researcher retrieved the filled questionnaires within 2 days. After retrieving them back, he thoroughly checked then to ensure that all items were adequately answered by the respondents.

3.10 Data Analysis

After retrieving back the questionnaire and collecting the required data, it was then prepared for analysis by using Statistical Package for Social Scientists (IBM SPSS, version 22.0) software. In this process, the data underwent data editing which involved checking the filled questionnaires for any omissions or mistakes; then data coding which involved giving each item of the questionnaire or variable a code to be used when imputing the data into the computer, and lastly data entry into the computer for analysis.

The analysis was conducted in the following manner: The frequency and percentage distribution was used to determine the profile of the respondents; descriptive statistics, such as mean and standard deviations were used to describe corporate strategy and financial performance in regard to central tendency and dispersion of dataset respectively.

Inferential statistics such as regression analysis were used to determine the corporate strategy and financial performance (equation 1); effect of competitive strategy on the financial performance (equation 2); the effect of operational strategy on the financial performance (equation 3); and the effect of resource governance on the financial performance (equation 4)

The equation to determine the effect of corporate strategy (independent variable) and financial performance (dependent variable)was represented as:

$Y = a + bx$……………………………….. (1)

Where; Y=dependent variable; a=intercept; b=slope; x= independent variable.

$FP = a_0 + b_1(CS) + \varepsilon$……………………….. (2)

$FP = a_0 + b_2(OS) + \varepsilon$………………………. (3)

$FP = a_0 + b_3(RG) + \varepsilon$………………………. (4)

Where, CS=competitive strategy; OS=operational strategy; RG=resource governance; and FP=financial performance; a_0=when the intercept is zero; b_1=regression line for competitive strategy,b_2 =regression line for operational strategy; b_3=regression line for resource governance; ε=Error Term.

The null hypothesis was tested using the level of significance ($p \leq 0.05$); the decision rule was that: if the p-value is less or equal ($p \leq 0.05$), it would be considered significant; otherwise, the null hypothesis would be rejected.

The study also used multiple regression analysis to determine the predictor variables, which can significantly predict a variance in financial performance. The prediction was to be significant at ($p<0.05$).

$FP = a_0 + b_1xCS + b_2xOS + b_3RG + \varepsilon$………………… (5)

3.11 Ethical Considerations

Research ethics involve requirements on daily work, the protection of dignity of the subjects and the conduct of research in a manner that does not harm the subjects.

Respect for Privacy and Informed consent: Fouka and Marianna (2011) believe that an invasion of privacy happens when private information such as beliefs, attitudes, opinions and records, is shared with others, without one's knowledge or consent. In a bid to respect privacy, the author observes that all aims, instruments and methodology must be discussed with the prospective subject and the research workers prior to the investigation. Similarly, Borbasi et al., (2005) observes that researchers should make sure that the human subjects in the research fully understand the study. In addition, they must ascertain that the respondents have understood their right to withdraw at any time. More important, consent should be obtained freely, with full awareness of implications. In view of this, the principle of the respect for privacy as well as informed consent was observed in the study. A copy of the informed consent form is attached (*refer to* Appendix II).

Furthermore, respondents were made aware of the rationale, objective, methodology, their expected contribution, and any potential benefits versus the harm/risks of participating in the study and how they could seek more information about the study. Upon this, they were able to appreciate the study and therefore gave their consent to participate in the study. In addition, any request not to provide information on some issues was considered. Even after their consent to participate in the study, respondents were allowed an option to quit at any moment they felt they needed to do so. Fortunately, all respondents appreciated and consented to participate in the study and none expressed interest to quit in the course of the data collection.

Confidentiality and anonymity: The issue of confidentiality and anonymity is closely connected with the rights of beneficence, respect for the dignity and fidelity. Anonymity is protected when the subject's identity cannot be linked with personal responses (Fouka & Marianna, 2011). If the researcher is not able to promise anonymity, he or she has to address confidentiality, which is the management of private information by the researcher in order to protect the subject's identity (Müller, 1994).

In the context of this study, data was collected from human subjects and the data collection tools showed no identity of persons by names but rather a unique number identifying each respondent was used. This ensured that information provided cannot be identified with specific individuals. At the stage of reporting findings, the individuals were not revealed but rather general trends arising from analysis of data from individuals were reported. Where verbatim was used, no identity of names or persons were revealed. Before seeking consent to participate in the study, every respondent was made aware of these provisions for anonymity through the consent form which was hand delivered and endorsed by each of them before their participation in the study.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.0 Introduction

This chapter presents the analysis of the data gathered and their interpretation. It gives the demographic characteristics of the respondents and variables used. The data on the variables were presented, analyzed and respectively interpreted in accordance to the specific objectives.

4.1 Demographic Characteristics of the Respondents

The demographic characteristics of respondents in this study included age, gender, education level, and work experience. Table 4.1 gives the summary of the demographic characteristics of the Respondents.

Table 4.1: Demographic Characteristics of the Respondents

Gender	**Frequency**	**Percent (%)**
Male	92	64.8
Female	50	35.2
Total	**142**	**100.0**
Age		
20-29	41	28.9
30-39	30	21.1
40-49	61	43.0
50 and above	10	7.0
Total	**142**	**100.0**
Education		
Certificate	11	7.7
Diploma	25	17.6
Bachelor Degree	88	62.0
Master's Degree	18	12.7
PhD	0	0.0
Total	**142**	**100.0**
Work experience		
Lessthan 1 year	9	6.3
1-5 years	40	28.2
6-10 years	62	43.7
More than 10 years	31	21.8
Total	**142**	**100.0**

Source: primary data, 2019

The results presented in table 4.1 revealed that majority, (64.8%) of the respondents were male while 35.2% of them were female. The dominance of the male respondents in the study implies that foreign commercial banks prefer to employ men because they are energetic, enthusiastic, and focused in their work compared to their female counterparts especially in the area of family-work life balance.

Furthermore, table 4.1 revealed that majority, (43%) of the respondents were within the age group of 40-49 years, followed by 28.9% who were within the age group of 20-29 years, while those within the age group of 30-39 years and 50 and above were represented by 21.1% and 7% respectively. The dominance of the respondents within the age group of 40-49 years implies that foreign commercial banks prefer to employ persons who have developed their professionalism in the banking sector and are therefore more staple minded and well decided to work and develop their career.

In addition, table 4.1 revealed that majority, 62% of the respondents were Bachelor Degree Holders, followed by 17.6% who were Diploma Holders, and 12.7% who were Master's Degree Holders. There was no respondent who was a PhD Holder. The dominance of Bachelor Degree Holders in this study implies that foreign commercial banks prefer employing people who are well educated, knowledgeable and highly skilled so as to promote the right corporate strategies and consequent financial performance of the organization.

Last but not least, table 4.1 revealed that majority, 43.7% of the respondents have a working experience of 6-10 years, followed by 28.2% of the respondents who have a working experience of 6-10 years, while those with working experience of more than 10 years and less than 1 year were represented by 21.8% and 6.3% respectively. The dominance of respondents with working experience of 6-10 years is because foreign commercial banks prefer employing individuals with the knowledge, familiarity and know-how in the banking sector so as to guarantee financial performance.

4.2 Descriptive Statistics of the Study Variables

This study's variables included corporate strategy, which was measured using competitive strategy, operational strategy, and resource governance. On the other hand, the financial performance variable was measured using profitability. Mean and standard deviations were used as the descriptive statistics of the study variables measure central tendency and measure dispersion respectively. Table 4.2 and 4.3 gives the summary of the findings.

Table 4.2: Corporate Strategies

Corporate Strategies	Mean	Std. Deviation	Interpretation
Competitive strategy			
This bank largely focuses on customers to have a better competitive advantage.	4.11	1.009	Satisfactory
This bank focuses on technological advancement to offset competition in the market.	3.97	1.091	Satisfactory
This bank invests heavily on advertisements and promotions to offset competition.	3.80	1.040	Satisfactory
This bank focuses on market research to have a better competitive advantage.	3.78	1.066	Satisfactory
This bank focuses on the competitors to have a better competitive advantage.	3.74	1.029	Satisfactory
This bank invests heavily on its employees to offset competition.	3.73	.946	Satisfactory
Average Mean	**3.86**	**1.030**	**Satisfactory**
Operational strategy			
This bank pursues constant improvement in its operational processes.	3.80	1.055	Satisfactory
This bank has adequate financial resources to meet its operational costs.	3.65	1.375	Satisfactory
This bank has well trained and skilled employees who know how to meet customers' needs.	3.58	1.333	Satisfactory
This bank develops new processes to deliver products and services to customers.	3.32	1.193	Fairly Satisfactory
This bank introduces new service delivery processes to add value.	3.25	1.541	Fairly Satisfactory
This bank is efficient in its service delivery processes.	3.18	1.222	Fairly Satisfactory
Average Mean	**3.46**	**1.287**	Satisfactory
Resource governance			
This bank successfully integrates its resources across its business units for competitive advantage.	3.97	0.952	Satisfactory
This bank expands the competence of its employees through regular employee training, and symposiums.	3.96	1.184	Satisfactory
This bank has higher competency in its performance because of skilled employees.	3.92	1.062	Satisfactory
This bank only invests in profitable ventures.	3.77	1.101	Satisfactory
This bank has good business relationship with other business entities for better access to core resources.	3.73	1.113	Satisfactory
This bank competently manages its resources well.	3.70	1.110	Satisfactory
Average Mean	**3.84**	**1.087**	**Satisfactory**
General average mean	**3.72**	**1.135**	**Satisfactory**

Source: primary data, 2019

In regard to competitive strategy, table 4.2 revealed that respondents assessed it as satisfactory (average mean=3.86, Std=1.030). This was attributed to the fact that majority of the respondents agreed that their banks largely focus on customers (mean=4.11, Std=1.009), technological advancement (mean=3.97, Std=1.091), and heavy investment on advertisements and promotions (mean=3.80, Std=1.040) to have a better competitive advantage. In addition, respondents agreed that their banks focus on market research (mean=3.78, Std=1.066), competitors (mean=3.74, Std=1.029), and heavy investment on employees (mean=3.73, Std=0.946) to have a better competitive advantage.

This implies that being aware of the stiff competition in the foreign market makes foreign commercial banks to develop more competitive strategies such as studying customer's buying trends, studying competitor's strength, weakness, and threats so as to get a better opportunity to offset the competition. Thus with vast knowledge about the market, they can use advance technology to be a game changer in the market by using unique technological innovations that is not yet available in the banking arena so as to woo customers. In addition, as the saying goes, 'a customer is the boss', foreign commercial banks can change this concept and instead make their employees the 'boss'. Thus, with a well-trained, skilled and satisfied employee, definitely, the customer will get the best service ever.

Furthermore, table 4.2 revealed that operational strategy was assessed by the respondents as satisfactory (average mean=3.46, Std=1.287). This was attributed to the fact that majority of the respondents agreed that their banks pursue constant improvement in their operational processes (mean=3.80, Std=1.055) using adequate financial resources that helps them to meet their operational costs (mean=3.65, Std=1.375).It is also through the available financial resources that respondents agreed that their banks are able to recruit well-trained and skilled employees who know how to meet customers' needs (mean=3.58, Std=1.333). Unfortunately, respondents indicated that rarely do their banks develop new processes to deliver products and services to customers (mean=3.32, Std=1.193). Neither do the banks introduce new service delivery processes to add value (mean=3.25, Std=1.541) nor are they efficient in their service delivery processes (mean=3.18, Std=1.222). This implies that the operational strategies employed by foreign commercial banks can only be successful with the availability of financial resources which can help them to continue in improving and widening their presence in the market.

The results presented in table 4.2 revealed that resource governance was assessed by the respondents as satisfactory (average mean=3.84, Std=1.087). This was attributed to the fact that majority of the respondents agreed that their banks successfully integrate their resources across their business units for competitive advantage (mean=3.97, Std=0.952). In addition respondents agreed that their banks expand the competence of their employees through regular employee training, and symposiums (mean=3.96, Std=1.184). Thus, due to regular training, the banks have achieved higher competency in their performance because of skilled employees (mean=3.92, Std=1.062). Furthermore, respondents agreed that their banks only invest in profitable ventures (mean=3.77, Std=1.101). Similarly, respondents agreed that their banks have good business relationship with other business entities for better access to core resources (mean=3.73, Std=1.113). Lastly, respondents agreed that their banks competently manage their resources well (mean=3.70, Std=1.110). The above responses imply that the surveyed foreign commercial banks have the ability of governing their responses well. This is due to the fact that most of them invest in profitable ventures, expand the competence of their employees through training, and maintain healthy relationship with other business entities for better access to core resources such as technology, consultancy, business networks, and creation of multiple knowledge flows.

Generally, table 4.2 shows that all the corporate strategies employed by foreign commercial banks are satisfactorily useful in ensuring financial performance (overall average mean=3.72, Std=1.135). This implies that foreign commercial banks can only strive in a foreign market if the corporate strategies they are using are customer, competitor, and research oriented.

Table 4.3: Financial Performance

Financial performance	Mean	Std. Deviation	Interpretation
This bank's customer base has increased in the last five years.	4.25	0.903	Very satisfactory
This bank's market share has increased in the last five years.	3.94	1.012	Satisfactory
This bank's growth on investment has increased in the last five years.	3.94	1.012	Satisfactory
This bank's sales volume has increased in the last five years.	3.74	1.036	Satisfactory
Generally, this bank has experienced growth in profitability in the last five years.	3.70	0.982	Satisfactory
This bank's return on assets has increased in the last five years.	3.63	1.188	Satisfactory
This bank's return on equity has increased in the last five years.	3.57	1.157	Satisfactory
This bank's net profit has increased in the last five years.	3.56	1.302	Satisfactory
Average Mean	**3.79**	**1.074**	Satisfactory

Source: primary data, 2019

The results presented in table 4.3 revealed that the overall financial performance of foreign commercial banks was assessed by the respondents as satisfactory (overall average mean=3.79, Std=1.074). This was highly attributed to the fact that majority of the respondents agreed that their banks' customer base (mean=4.25, Std=0.903), market share (mean=3.94, Std=1.012), growth on investment (mean=3.94, Std=1.012), and sales volume (mean=3.74, Std=1.036) have greatly increased in the last five years. Furthermore, respondents generally agreed that their banks have experienced growth in profitability in the last five years (mean=3.70, Std=0.982) as depicted by increase in return on assets (mean=3.63, Std=1.188), increase in return on equity (mean=3.57, Std=1.157), and increase in net profits (mean=3.56, Std=1.302) in the last five years.

This implies that the improvement in the financial performance of the foreign commercial banks could largely be attributed to the use of proper corporate strategies that encourage customer focus, competitor focus, and investment in market research, technology, employees, and advertisements. Thus, with the use of the right corporate strategies and a satisfied team of employees, it becomes inevitable for the banks to penetrate the market and thrive.

4.3 The Effect of Competitive Strategy on the Financial Performance of Foreign Commercial Banks in Bujumbura

The first objective of this study was to examine the effect of competitive strategy on the financial performance of foreign commercial banks in Bujumbura. Table 4.4 gives the summary of the findings.

Table 4.4: The Effect of Competitive Strategy on the Financial Performance of Foreign Commercial Banks in Bujumbura

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.392[a]	.153	.147	.56807	.153	25.355	1	140	.000

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8.182	1	8.182	25.355	.000[b]
	Residual	45.179	140	.323		
	Total	53.361	141			

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.240	.312		7.187	.000
Competitive strategy	.402	.080	.392	5.035	.000

a. Dependent Variable: financial performance

Table 4.4 revealed that competitive strategy has positive and significant effect on financial performance of foreign commercial banks in Bujumbura (R^2=0.153, p=0.000). This is because competitive strategy can significantly explain a change of up to 15.3% in financial performance.

This implies that when foreign commercial banks make use of advanced technology, employee training and development, and promotional ventures, they can penetrate the market and financially become viable.

Hypothesis I: There is no significant effect of competitive strategy on the financial performance of foreign commercial banks in Bujumbura.

The decision rule was that: if p≤0.05, the null hypothesis would be rejected, and alternative hypothesis accepted.

For that reason, the finding in table 4.4 shows that the null hypothesis that there is no significant effect of competitive strategy on the financial performance of foreign commercial banks in Bujumbura was rejected, and the alternative hypothesis that there is a significant effect was upheld. Furthermore, the study revealed that the regression model was a good fit for predicting the effect of competitive strategy on financial performance (F=25.355, p=0.000).

Similarly, the study revealed that an improvement in competitive strategy such as the use of advanced technology or regular employee training would significantly cause an improvement in financial performance by 39.2% (Beta=0.392, p=0.000).

Thus the equation: $FP = a_0 + b_1(CS) + \varepsilon$……………………….. (2)

Will be $FP = 2.240 + 0.392\, b_1 + 0.312$

4.4 The Effect Operational Strategy on the Financial Performance of Foreign Commercial Banks in Bujumbura

The second objective of this study was to determine the effect operational strategy on the financial performance of foreign commercial banks in Bujumbura. Table 4.5 gives the summary of the findings.

Table 4.5: The Effect Operational Strategy on the Financial Performance of Foreign Commercial Banks in Bujumbura

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.484[a]	.234	.229	.54033	.234	42.773	1	140	.000

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12.488	1	12.488	42.773	.000[b]
	Residual	40.873	140	.292		
	Total	53.361	141			

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.465	.208		11.863	.000
Operational strategy	.383	.059	.484	6.540	.000

a. Dependent Variable: financial performance

Table 4.5 revealed that operational strategy has positive and significant effect onthe financial performance of foreign commercial banks in Bujumbura (R^2=0.234, p=0.000). This is because operational strategy can significantly explain a change of up to 23.4% in financial performance. This implies that when foreign commercial banks have adequate finances to train its employees and constantly improve their operational processes, then they can improve in their financial performance.

Hypothesis II: There is no significant effect of operational strategy on the financial performance of foreign commercial banks in Bujumbura.

The decision rule was that: if $p \leq 0.05$, the null hypothesis would be rejected, and alternative hypothesis accepted.

For that reason, the finding in table 4.5 shows that the null hypothesis that there is no significant effect of operational strategy on the financial performance of foreign commercial banks in

Bujumbura was rejected, and the alternative hypothesis that there is a significant effect was upheld. Furthermore, the study revealed that the regression model was a good fit for predicting the effect of operational strategy on financial performance (F=42.773, p=0.000).

In the same way, the study revealed that an improvement in operational strategy such as enhancement of the service delivery processes would significantly cause an improvement in financial performance by 48.4% (Beta=0.484, p=0.000).

Thus the equation: $FP = a_0 + \ b_2(OS) + \ \varepsilon$………………………. (3)

Will be $FP = 2.465 + 0.484\ b_2 + 0.208$

4.5 The Effect of Resource Governance on the Financial Performance of Foreign Commercial Banks in Bujumbura

The third objective of this study was to establish the effect of resource governance on the financial performance of foreign commercial banks in Bujumbura. Table 4.6 gives the summary of the findings.

Table 4.6: The Effect of Resource Governance on the Financial Performance of Foreign Commercial Banks in Bujumbura

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.535[a]	.286	.281	.52160	.286	56.129	1	140	.000

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	15.271	1	15.271	56.129	.000[b]
	Residual	38.090	140	.272		
	Total	53.361	141			

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.845	.263		7.006	.000
	resource governance	.505	.067	.535	7.492	.000

a. Dependent Variable: Financial Performance

Table 4.6 revealed that resource governance has positive and significant effect on financial performance of foreign commercial banks in Bujumbura (R^2=0.286, p=0.000). This is because corporate strategy can significantly explain a change of up to 28.6% in financial performance. This implies that when foreign commercial banks invest in profitable business ventures, proper management of resources and harnessing of employee skills, it becomes much easier for them to realize financial performance in terms of increase in sales volume and subsequent increase in profit margin.

Hypothesis III: There is no significant effect of resource governance on the financial performance of foreign commercial banks in Bujumbura.

The decision rule was that: if $p \leq 0.05$, the null hypothesis would be rejected, and alternative hypothesis accepted.

For that reason, the finding in table 4.6 shows that the null hypothesis that there is no significant effect of resource governance on the financial performance of foreign commercial banks in Bujumbura was rejected, and the alternative hypothesis that there is a significant effect was upheld. Furthermore, the study revealed that the regression model was a good fit for predicting the effect of resource governance on financial performance (F=56.129, p=0.000).

Similarly, the study revealed that an improvement in resource governance through profitable business ventures, proper management of resources and harnessing of employee skills, would cause an improvement in financial performance by 53.5% (Beta=0.535, p=0.000).

Thus the equation: $FP = a_0 + b_3(RG) + \varepsilon$……………………… (4)

Will be $FP = 1.845 + 0.535\ b_3 + 0.263$

Table 4.7: Multiple Regression Analysis for the Effect of Corporate Strategies on Financial Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.665[a]	.442	.430	.46457	.442	36.415	3	138	.000

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	23.578	3	7.859	36.415	.000[b]
	Residual	29.783	138	.216		
	Total	53.361	141			

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.588	.322		1.824	.070
	Competitive strategy	.291	.067	.283	4.338	.000
	Operational strategy	.243	.056	.307	4.366	.000
	Resource governance	.322	.068	.341	4.756	.000

a. Dependent Variable: financial performance

The results presented in table 4.7 shows that all the corporate strategies employed in this study together have positive and significant effect on financial performance and causes a variance of 0.442 (R^2=0.442, p=0.000). This implies that a combination of competitive strategy, operational strategy and resource governance influences financial performance by 0.442 while 0.558 of the variance in financial performance is accounted by other variables beyond the scope of this study.

Additionally, the study revealed that the regression model was a good fit for predicting the effect of corporate strategies on financial performance (F=36.415, p=0.000).

Furthermore, the study in table 4.7 revealed that resource governance was the highest predictor of financial performance. This is because a unit change in resource governance would significantly cause an improvement of 34.1% in financial performance (Beta=0.341, p=0.000). The second highest predictor of financial performance was operational strategy. This is because a unit change in operational strategy accounted for 30.7% improvement in financial performance (Beta=0.307, 0.000). Lastly, the least predictor of financial performance was competitive strategy. This is because a unit change in competitive strategy accounted for 28.3% improvement in financial performance (Beta=0.283, p=0.000). This therefore implies that foreign commercial banks in Bujumbura should ensure that they make more emphasis on the application of resource governance and operational strategy in order to penetrate the market and continue soaring in the banking arena of Burundi.

Thus the equation: $FP = a_0 + b_1CS + \ b_2OS + \ b_3RG + \ \varepsilon$………………… (5)

Will be $FP = 0.588 + 0.283\ b_1 + 0.307\ b_2 + 0.341\ b_3 + 0.322$

CHAPTER FIVE
DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter presents the discussion of the study guided by the study objectives. The discussion of this study findings were done by reviewing related literature, and comparing and contrasting with other previous studies. The study was later concluded and appropriate recommendations accruing from the findings were made.

5.1 Discussion of the Findings

5.1.1 The Effect of Competitive Strategy on the Financial Performance of Foreign Commercial Banks in Bujumbura

The first objective of this study was to examine the effect of competitive strategy on the financial performance of foreign commercial banks in Bujumbura. The study revealed that competitive strategy significantly affects financial performance of foreign commercial banks in Bujumbura (R^2=0.153, p=0.000). This implies that when foreign commercial banks make use of advanced technology, employee training and development, market research, and advertisement campaigns and promotional ventures, they can penetrate the market and financially become viable.

This finding concurs with those of Anand (2012) who identified key parameters of competitive rivalry to include price discounting, new product introduction, advertising campaigns and service improvements. Mathooko and Ogutu (2015) also found that competition is inevitable in order for commercial banks to be successful and competitive. This helps the banks to learn how to cope with business rivals. This highlights the need for managers to be vigilant in developing competitive strategies, especially in considering the objectives of rivals and strategize on how to position their organizational strategies.

In line with the finding of this study, Albanian et al., (2015) examined the impact of generic competitive strategies on organizational performance and established significant positive effects of the three competitive strategies: cost leadership, differentiation and focus strategies on performance. Furthermore, Mugo et al., (2012) conducted an investigation into competitive intelligence practices and their effect on profitability of firms in the banking industry using a case of Equity Bank. The study highlighted intelligent product development as one measure of effectiveness in the application of competitive strategies.

Similarly, Naiye (2016) found that quality of service or/and management, corporate social responsibility, strategy formulation, (electronic) marketing innovation and creativity, among others are factors influencing competitive strategies in the banking sector. Likewise, Kariuki (2014) found that increased competition in the banking industry threatens the attractiveness of the industry thereby reducing commercial banks' profitability. This is because it exerts pressure on banks to be proactive and to formulate successful strategies that facilitate proactive response to anticipated and actual changes in the competitive environment.

Therefore, in order for foreign commercial banks in Burundi to remain competitive and outperform their competitors, they should develop appropriate strategies to drive their performance. For example, they can identify a market niche they wish to serve. Thus by focusing on a given niche in the market, commercial banks are able to customize their financial services to the needs of that market niche.

5.1.2 The Effect Operational Strategy on the Financial Performance of Foreign Commercial Banks in Bujumbura

The second objective of this study was to determine the effect operational strategy on the financial performance of foreign commercial banks in Bujumbura. The study revealed that operational strategy significantly affects the financial performance of foreign commercial banks in Bujumbura (R^2=0.234, p=0.000). This implies that when foreign commercial banks have adequate finances to train its employees and constantly improve their operational processes, then they can improve in their financial performance. This is highly attributed to the fact that the banking industry is being challenged by new competition from innovative technology companies and start-ups, and evolving customer needs and behaviors that make it difficult to maintain loyalty. In addition, customers' perceptions of the banking industry have changed due to the negative publicity associated with the economic downturn. Therefore, in order for banks to overcome these challenges, banks' operational strategy and effectiveness efforts must balance cost reduction with efforts to address regulatory compliance and enhance the customer experience.

Thus in line with the findings of this study, Reimink (2019), found that forward, innovative thinking combined with impactful strategies and efficient operations are essential to respond to rapidly changing markets, technologies, and regulations. We understand that sound operational strategies goes beyond daily business requirements in helping to increase competitive advantages and compete with industry leaders. This is the reason why Olsen et al., (2017) found in his study that the operational strategy enhanced by the use of technology and automation in the banking sector is threefold: to have applications that allow customers to make transactions or obtain information on a self-service basis without requiring employee efforts; to use technology to reduce the time employees spend on finding information; and to use automated business rules and decision models to move work more quickly and efficiently through processes. Migdadi (2013) also conquered that operational strategy facilitated by automating core processes, affects not only how customers interact with the bank but also how banks communicate important information internally and how they manage their sales and customer relationship activities.

On the contrary to the finding of this study, Edward (2014) found that the opportunity to improve operational strategy through process costs often is underappreciated in banks, in part because it involves taking a more built-up view of business processes. Edward (2014) indicated that process improvement in this area involves continual performance monitoring and often comes about as a result of analyzing, mapping, benchmarking, and ultimately rethinking back-office processes. In addition, Brown (2014) found that the goal of operational strategy is to improve the bank's efficiency ratio by reducing the unit cost-to-value ratio of each activity or transaction – such as the cost of opening an account, creating a loan document package, or handling a specific type of transaction.

5.1.3 The Effect of Resource Governance on the Financial Performance of Foreign Commercial Banks in Bujumbura

The third objective of this study was to establish the effect of resource governance on the financial performance of foreign commercial banks in Bujumbura. The study revealed that resource governance significantly affects financial performance of foreign commercial banks in Bujumbura (R^2=0.286, p=0.000). This implies that when foreign commercial banks invest in profitable business ventures, proper management of resources and harnessing of employee skills, it becomes much easier for them to realize financial performance in terms of increase in sales volume and subsequent increase in profit margin.

The finding of the current study is in line with that of Monroe (2006), Collis and Montgomery (1998), Dyer and Singh (1998), and Lorenzoni and Lipparini (1999). For instance, Monroe (2006)found that the possession and utilization of valuable resources leads to firm performance. The author argued that only accumulated competences that enable the firm to build new strategic assets more quickly and efficiently than its competitors will allow it to sustain supernormal profits. In addition, Collis and Montgomery (1998) found that firm performance can be attributed to the creation of synergy from the possession of similar resources amongst various small business units hence leading to improvement of financial performance.

Dyer and Singh (1998) also found that resources held within and across firm relationship networks (e.g., suppliers) can lead to improvement in firm performance through investing in relationship specific assets, and knowledge exchange (organizational learning). Likewise, Lorenzoni and Lipparini (1999) found that inter firm relationships improved firm performance due to resource leverage resulting from access to additional core competencies and capabilities, expansion and improvement in existing core competencies.

Marous (2018) who found that resource governance in corporate strategy allow organizations to be proactive, by better understanding opportunities and threats that may be in the market. The author argued that being proactive can improve differentiation versus the competition and enable the efficient deployment of resources. Grinblatt and Titman (2016) also found that corporate strategy increases operational efficiency, helps to increase market share and profitability, and makes the overall business more sustainable in the long term.

5.2 Conclusions

Objective one: Competitive strategy significantly affects financial performance of foreign commercial banks in Bujumbura. This is largely because when foreign commercial banks decide to focus their attention on customers, technological advancement, advertisement and promotional activities, market research and employee training and development, then they end up establishing a fertile ground for a better competitive advantage that can help them harness improvement in financial performance in a long run.

Objective two: Operational strategy significantly affects financial performance of foreign commercial banks in Bujumbura. This is because when foreign commercial banks have enough financial resources to make use of constant improvement in their services, skilling employees and developing new processes of delivering quality services to customers, they become unstoppable to realize a boom in financial performance.

Objective three: Resource governance significantly affects financial performance of foreign commercial banks in Bujumbura. This is attributed to the fact that the use of competent employees, investing in profitable ventures, having competent managers, integrating of small business units with similar activities and maintaining a good business relationship with other business entities gives a leveled ground for opportunities of realizing growth in financial performance over the years.

5.3 Recommendations

Given the findings and conclusions made in the preceding sections, the following section provides recommendations for each objective.

Objective one

The study revealed that competitive strategy significantly affects financial performance, thus the following recommendations were made.

The management of foreign commercial banks should employ advanced and constant methods of market research so as to be on 'the know' of market threats, and opportunities. This will help them come up with better solutions that addresses the immediate needs in the market thus wooing customers in such a given market segment.

Similarly, given the fact that the banking sector is very dynamic, the management of foreign commercial banks should heavily invest in technologies that are tailor made to meet the ever growing banking needs of the banked and the unbanked urban and rural populations respectively. This can be done through several ways among which include internet banking, mobile money banking, agent banking, ATM banking, Point-of-Sale banking and any other new innovation that might be better in meeting market needs. Thus once these technologies are used successfully, they can be able to attract customers, thus improving on their financial performance.

Furthermore, foreign commercial banks should invest heavily on advertisement and promotional activities so as to make customers aware of the services they are offering and how better they are compared to those of their competitors. The advertisements can be done through the main media platforms and social media. They can also use seminars, symposiums, trainings, and business forums to assert their presence in the market. Promotional activities such as discounts, providing subsidized financial services to entrepreneurs such as vulnerable women and youth, sponsoring community social services such as water, and sanitation, reproductive health, child nutrition, HIV/AIDs, football clubs, or educational ventures can be a good start to affirm community social relationship.

Objective two

The study revealed that operational strategy significantly affects financial performance. Thus, the following recommendations have been made.

The management of foreign commercial banks should develop new processes of delivering their services to their customers. Thus, they can achieve by using new technologies, or by bringing their services much more nearer to the customer, for example, by having banking points in busy markets, bus terminals, institutions of learning, health facilities, or any public spaces. In addition, these banking points should be accessible, secure, convenient and reliable for customers to perform their banking transactions with ease.

Furthermore, in order to stay at the top of the competition, the management of foreign commercial banks should constantly develop the skills and knowledge of their employees through regular trainings, conferences, and in-service education where they can sharpen their banking skills by interacting with different brains from across the globe and discuss on topics that readily address banking needs in a society. Thus when armed with skilled, informed and professional employees, it will be a matter of time before financial performance can be realized. In other words, the employee should be made to feel like ‘a boss’ and fellow ‘partner’ in the business and the rest will find themselves in line automatically.

Objective three

The study revealed that resource governance significantly affects financial performance, thus the following recommendations have been made in that regard.

The foreign commercial banks should continue improving the competence and skills of their employees through in-service training, conferences, meetings, and seminars. This will provide them with better exposed, knowledgeable and experienced employees for competitive advantage.

Similarly, management should make sure that their resources in terms of technology, finance, and labour are maintained with high value of importance to avoid unnecessary miss-allocation and mishandling. This will pave way for improvement in financial performance if they have advanced technology, adequate capital base and competent staff.

The management of foreign commercial banks in Bujumbura should make use of customer relationship management system. This they can do by creating customer database that enables them to understand their customer's likes and preferences. This can help them to maintain a good relationship with customers by providing them with alert messages of new available products or services, discount offers, and opportunities to participate in business forums. In a long run, they retain existing customers and attract new customers, thus a boom in financial performance.

Finally to policy makers: It is hoped that the finding of this study will help them to draft policies that make the working environment for foreign commercial banks more apparent and friendly. In this way, unfair competition that affects the performance of budding foreign commercial banks can be eliminated.

5.4 Contribution to Knowledge

Studies by Arasa and Nduku (2015), and Ratembo (2017) indicate that corporate strategies employed in the insurance companies and manufacturing companies have significant influence on financial performance. Thus, this study also adds knowledge that in the banking industry, the use of competitive strategies, operational strategies, and resource governance has significant effects on financial performance.

5.5 Areas for further studies

The current study used descriptive research method using primary source of data, which was collected using questionnaire as the main research instrument. However, future studies should use longitudinal research method expanding up to a period of 10 years using secondary data collected from annual financial statements to substantiate the trend in the financial performance of foreign commercial banks in terms of profitability, return on assets, return on investments, and return on equity.

Furthermore, the current study only looked at financial performance of foreign commercial banks, however future studies should also look at the quality of services, and the level of customer and employee satisfaction, and market share in those foreign commercial banks.

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APPENDICES

APPENDIX I: TRANSMITAL LETTER

I am a Masters candidate for International Business at Kampala International University undertaking a research study on the topic **“Corporate Strategies and Financial Performance of Foreign Commercial Banks in Bujumbura, Burundi”**. In view of this, I request you to participate in this study. Kindly answer this questionnaire without leaving any question unanswered. Please be assured that the information you give will be treated with utmost confidentiality and will be used for academic purpose only. Before answering this questionnaire kindly read and sign the attached informed consent.

Thank you very much in advance.

Yours faithfully

…………………………….

Shingiro Jean Oxas

APPENDIX II: CONSENT FORM

I am giving my consent to be part of the research study of Mr. Shingiro Jean Oxas on the topic: **"Corporate Strategies and Financial Performance of Foreign Commercial Banks in Bujumbura, Burundi"**.

		Please tick
1	I confirm I have read and understood the information provided for the above research and had the opportunity to ask questions.	☐
2	I understand my participation is voluntary and that I am free to Withdraw at any time without giving a reason.	☐
3	I agree to take part in the research	☐
4	I agree to the interview being audio recorded.	☐

APPENDIX III: QUESTIONNAIRE

Section A: Profile of the Respondents

Instruction: Please tick [√] the option that best describe you and your bank

1. **Gender**

a) Male [ ] b) Female [ ]

2. **Age**

a) 20-29 years [ ] b) 30-39 years [ ]

c) 40-49 years [ ] d) 50 years and Above [ ]

3. **Educational Level**

a) Certificate [ ] b) Diploma [ ]

b) Bachelor Degree [ ] d) Master's Degree [ ]

e) PhD [ ]

4. Work Experience

a) Less than 1 year [ ] b) 1-5 years [ ]

c) 6-10 years [ ] d) More than 10 years [ ]

Section B: Corporate Strategies

Please use the following rating to demonstrate your views and opinions regarding the following statements. 1=strongly disagree, 2=disagree, 3=not sure, 4=agree, 5=strongly agree.

#	Corporate Strategies	1	2	3	4	5
A	**Competitive strategy**					
1	This bank largely focuses on customers to have a better competitive advantage.					
2	This bank focuses on the competitors to have a better competitive advantage.					
3	This bank focuses on technological advancement to offset competition in the market.					
4	This bank focuses on market research to have a better competitive advantage.					
5	This bank invests heavily on advertisements and promotions to offset competition.					
6	This bank invests heavily on its employees to offset competition.					
B	**Operational strategy**					
1	This bank is efficient in its service delivery processes.					
2	This bank develops news processes to deliver products and services to customers.					
3	This bank introduces new service delivery processes to add value.					
4	This bank has well trained and skilled employees who know how to meet customers' needs.					
5	This bank has adequate financial resources to meet its operational costs.					
6	This bank pursues constant improvement in its operational processes.					
C	**Resource governance**					
1	This bank has higher competency in its performance because of skilled employees.					
2	This bank only invests in profitable ventures.					

3	This bank competently manages its resources well.					
4	This bank successfully integrates its resources across its business units for competitive advantage.					
5	This bank has good business relationship with other business entities for better access to core resources.					
6	This bank expands the competence of its employees through regular employee training, and symposiums.					

Section C: Financial Performance

Please use the following rating to demonstrate your views and opinions regarding the following statements about the financial performance of this bank. 1=strongly disagree, 2=disagree, 3=not sure, 4=agree, 5=strongly agree.

#	Financial performance	1	2	3	4	5
A	**Profitability**					
1	This bank’s sales volume has increased in the last five years.					
2	This bank’s return on assets has increased in the last five years.					
3	This bank’s return on equity has increased in the last five years.					
4	This bank’s net profit has increased in the last five years.					
5	This bank’s customer base has increased in the last five years.					
6	This bank’s market share has increased in the last five years.					
7	This bank’s growth on investment has increased in the last five years.					
8	Generally, this bank has experienced growth in profitability in the last five years.					

THE END

APPENDIX IV: INTRODUCTORY LETTER

KAMPALA INTERNATIONAL UNIVERSITY

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dhdrinquiries@kiu.ac.ug * Website: http://www.kiu.ac.ug

Directorate of Higher Degrees and Research
Office of the Director

Our ref. 1174-05026-13938

Friday 28th June, 2019

Dear Sir/Madam,

RE: INTRODUCTION LETTER FOR SHINGIRO JEAN OXAS
REG. NO. 1174-05026-13938

The above mentioned candidate is a student of Kampala International University pursuing a Master's Degree in International Business.

He is currently conducting a research for his dissertation titled, "*Corporate Strategies and Financial Performance among Foreign Commercial Banks in Bujumbura, Burundi*".

Your organization has been identified as a valuable source of information pertaining to the research subject of interest. The purpose of this letter therefore is to request you to kindly cooperate and avail the researcher with the pertinent information he may need. It is our ardent belief that the findings from this research will benefit KIU and your organization.

Any information shared with the researcher will be used for academic purposes only and shall be kept with utmost confidentiality.

I appreciate any assistance rendered to the researcher.

Yours Sincerely,

Dr. Afa'anwi M. Che
Deputy Director

C.c. DVC Academic Affairs
Principal CEM

"Exploring the Heights"