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**Title: Tailoring competitive strategies to retail banking in South Africa: A
managerial perspective**

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degree of Master of Commerce, Business Management**

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2024

DECLARATION

I, Retesh Ganesh, declare that

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Retesh Ganesh

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ABSTRACT

Competitive forces require businesses to modify existing strategies to remain relevant. Retail banking is no exception. While many well-researched strategic tools lead businesses to strategic development, Porter's five generic strategies remain relevant today. The modern retail banking market has seen a great shift in consumer demands over the last few years, creating gaps in the competitive market.

Purpose: The purpose of the study was to investigate the effectiveness of implementing Porter's generic strategies within the retail banking space of South Africa. The research also identified factors that influence the use of generic strategies in retail banking. It was envisaged that the research produced useful information for retail bank managers on the benefits of implementing Porter's generic strategies to improve the competitiveness of the bank and satisfy the needs of consumers.

Design/methodology: The research employs a quantitative study using questionnaires distributed to a sample of 56 people at the MD Singh Heights building to gather the necessary data to satisfy the research questions. Descriptive statistical tools such as frequency distribution, mean, median, and standard deviation have been employed to identify the relationship between these variables and how they react to one another. The Fisher-Freeman-Halton exact test and Kolmogorov-Smirnov test (K-S test) were used to test the study hypothesis.

Findings: The research has uncovered grounds that satisfy the requirements of strategy implementation to secure a competitive advantage. It was found that the implementation of Porter's generic strategies provides results that lead to a competitive advantage, however, the choice of strategy or combination of strategies is highly dependent on the goals of the institution. The current retail banking market suggests that broad differentiation and focused strategies produce the highest correlation of +0.22 vis-à-vis consumer selection of a bank.

Originality/value: The study has uncovered valuable information surrounding the implementation of Porter's generic strategies within the retail banking market of South Africa. The study highlighted the changing needs of banking consumers within the market and established factors that directly impact how consumers select a bank. The selection of a bank is critical as it exposes current gaps in strategies as well as highlights areas of Porter's

generic strategies that can be implemented to close current gaps and improve the competitive position of the bank.

Keywords: Low-cost. Differentiation, Focused strategies, Best-cost, competitive advantage, retail banking

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CHAPTER ONE

INTRODUCTION TO THE STUDY

1.0. INTRODUCTION

The study herein focuses on generic competitive strategies and the effectiveness of implementing such strategies in the retail banking market of South Africa. The study journeys through the five generic competitive strategies as established by Michael Porter and the effectiveness of the strategies in satisfying the changing needs of consumers in the market. The opening chapter of the study establishes the background of the topic on a broader scale. Thereafter the research problem statement, aim, objectives, and questions are highlighted as the foundation of the study. Important terms and definitions which set up the theme of the study are brought to the fore in this chapter. Lastly, chapter one provides an overview of the research methodology employed by the study as well as previews the chapter layout.

1.1. BACKGROUND

A common conceptual understanding among leaders and managers exists which is the concept of change (Autio et al., 2014). It is universally accepted that static markets are non-existent and continuous movement is expected. Time as a construct requires industries to transition from one lifecycle to the next (Wanjogo and Muathe, 2022). As businesses pass through different lifecycle stages, several challenges are experienced, often without warning, which requires leadership to adopt rapid decision-making to meet challenges (Autio et al., 2014). The true test of success and competitiveness in the market comes from leadership, and their ability to challenge the industry status quo. Successful managers are capable of achieving radical change through the implementation of fresh and innovative strategies that satisfy the demands of consumers in a manner that is deemed appropriate and acceptable within the context of the business (Wanjogo and Muathe, 2022). There is growing importance to continually review and revise strategies as change occurs rapidly. It can be said that strategy is the most valuable tool that managers have available that is capable of smoothing the future and achieving organisational goals (Nazari et al., 2022). As a result, a proactive approach to change management and strategy development becomes critical to ensure that the goals of the business are aligned with the needs of consumers.

The theory of change management is particularly pertinent within the South African banking sector as competitors jockey for position (Vahdati et al., 2018). The current view of the industry is considered highly aggressive. There is a stigma attached to the banking industry as it is understood that these institutions play a fundamental and pivotal role in the economy as any failure has a direct impact on consumers (Vahdati et al., 2018). The South African banking sector is seen as a major artery of the economy as it creates a three-dimensional view of the economic health of the country. Retail and commercial banks breathe life into the economy as they occupy a strategic position within the broader global context and they possess the capability of moving currency from person to person (Ogutu and Nyatichi, 2012).

The importance of banks and their relevance in the local and global economy is profound and well established, however, the sector is not without any risk or vulnerabilities (Gobat, 2020; Gatimu and Amuhaya, 2022). Banks are exposed to failure, just like any other business if leadership does not adequately prepare for change and service the needs of consumers effectively (Mihaljek, 2010). The difference is that the ramifications of bank failure are catastrophic as the ripple effect extends far beyond the internal confines of the bank (Nyaga and Njoroge, 2022). The failure of banks extends to the consumers who trusted the bank, competitors with whom space is shared, communities with which they operate as well as the national economy as a whole (Gobat, 2020). For this reason, leadership needs to continuously align the goals of the bank with the needs of consumers to remain relevant in the market.

In 2011, the national treasury developed regulations and legislative policies to ensure financial risk is minimized and stability and soundness of the industry are achieved (Coetzer and Naicker, 2021). The central bank was responsible for regulating the industry and providing guidance, establishing best practices, and supporting local commercial banks. The South African Reserve Bank (SARB) was established and came to the fore to fulfil this purpose. The SARB is responsible for regulating the financial system and developing a financial system that is both stable and sound. The SARB is also tasked with the responsibility of protecting the internal value of the South African currency in a manner that supports sustained economic growth. The banking sector became necessary to regulate as the safety and soundness of the institution have a direct impact on public well-being (Gobat, 2020). Regulations that are established are usually designed to protect the rights of consumers as well as reduce risks that banks may face. Regulation of the industry may also limit bank failure which may occur in the line of duty. Having regulation in place avoids any disruptions and panic that may be created as a result of bank failures (Gobat, 2020). South African banks are required to be flexible in

their internal policies and procedures as changes in legislation can occur rapidly. These regulations and legislations directly impact how business is done and highlight the boundaries of service offerings (Ogutu and Nyatichi, 2012). The appeal of the industry and the dimensions of the market create sizable competitive gaps that new market entrants attempt to fill. This highlights competition as one of the most important and prevalent threats that banks need to contend with in the external environment. This is not only true among banks in South Africa but also banks around the world (Nyaga and Njoroge, 2022).

At present, the retail banking sector in South Africa is dominated by five major banks that are considered industry leaders and household names within the segments they serve (Howard, 2022). These banks include; First National Bank, Nedbank, Standard Bank, Absa, and Capitec. As the industry grows and expands, the attractiveness of the market draws new entrants like Tyme Bank and Bank Zero who have recently entered the market. The growth and profitability in the industry have also attracted non-traditional companies like Discovery and Old Mutual to enter the banking industry (Nyaga and Njoroge, 2022). Traditionally these companies occupied space in the insurance sector and have become household names in their respective markets. Growth in the banking sector and changes in consumer needs have attracted these firms to enter the market with fresh products and innovative ideas and operations in an attempt to gain momentum in the banking sector (Nyaga and Njoroge, 2022).

The landscape of retail banking in 2024 has significantly changed, largely brought upon by the global pandemic (Łasak, 2020). Focus was placed on retail banks to adjust current strategies in line with the changing needs of consumers (Łasak, 2020). The changes in consumer demands inter-alia prompted immediate response and created a market niche that would spike competition (Fillat et al., 2018). As the market becomes more competitive and rivals enter the industry, consumer buying power increases. The spike in competition and the changing needs of consumers prompt the need to re-evaluate current strategies to support consumer retention and market growth.

It is critical to conduct a situational analysis to understand the present landscape within the organisation (Ogutu and Nyatichi, 2012). This includes evaluating both the internal and external environments that directly impact the business and the ability of the organisation to generate income. Tanwar (2013), Nyaga and Njoroge (2022), Wanjogo and Muathe, (2022) and Odwaro et al. (2022) proposed several effective tools that can be used to conduct a situational analysis. One of the most common tools used is known as Porter's five generic

competitive strategies. Porter's five generic strategies have been widely researched over the years across several industries with varying results of usefulness and effectiveness. The results of the studies vary from sector to sector as they are affected by prevailing market forces which often require a change in dimensions to survive (Odwaro et al., 2022). Evaluating the success of Porter's strategies in retail banking would yield different results compared to a manufacturing firm. Implementation of generic strategies yields different results as several factors impact the outcome of the strategy. As such, the implementation of generic strategies does not offer a blanket approach to strategy and growth (Wanjogo and Muathe, 2022). Generic strategies require continuous revision and re-alignment to accommodate changing consumer needs and organisational goals as opined by many authors. There have been several studies on Porter's generic competitive strategies in investment and commercial banking on a global scale (Nyaga and Njoroge 2022). However, there is a lack of research done specifically in the field of retail banking in South Africa. The study will investigate the effectiveness of integrating Porter's five generic competitive strategies into strategic development by retail banks in South Africa. The researcher will also establish which of the five strategies is most effective in this market according to the needs of consumers. The results of the study will identify the link between generic competitive strategies and their effectiveness in establishing a competitive advantage in retail banking.

1.2. RESEARCH PROBLEM STATEMENT

The landscape of banking in South Africa has been revolutionized of late. Traditional methods of banking are becoming obsolete as the needs of consumers rapidly morph. It becomes apparent that the shift in banking processes brought upon by the global pandemic has required retail banks in South Africa to re-evaluate strategies and develop a counter-strategy for coping with changing consumer needs. Accelerated industry growth requires competing banks to pit various strategies against each other to remain relevant in the market (Nyaga and Njoroge 2022). This is especially true in South Africa as deep competition amongst existing banks as well as the arrival of insurance-based and purely digital banks creates difficulty for competing banks to maintain their position in the market (Nyaga and Njoroge 2022). Growth in the market is becoming stagnant as failure to anticipate and respond to the changing consumer needs creates vulnerabilities for the banks.

There have been a myriad of studies conducted in the area of generic strategies and competitive advantage. Some strategies were specific internal strategies like growth, turnaround, or

expansion strategies designed to achieve a specific objective within the bank (Nyaga and Njoroge, 2022; Wanjogo and Muathe, 2022; Odwaro et al.2022). Other strategies like differentiation and low-cost strategies were embedded into the product lines while specific markets were being targeted leading to the implementation of a focused-based strategy (Nyaga and Njoroge, 2022). The problem is that in a post-pandemic setting, given the environmental changes and requirements of consumers, little research exists that examines how consumers within the South African retail banking market respond to the implementation of generic competitive strategies implemented by retail banks and which generic strategy is most effective in this market. This study will serve to bridge the knowledge gap that exists in this area.

1.3. RESEARCH AIM

The research aim is to establish the effectiveness of implementing Porter's generic strategies within the retail banking sector of South Africa.

1.4. RESEARCH PURPOSE

The purpose of the study is to determine the usefulness of implementing Porter's generic competitive strategies to retail banking in South Africa and determine which generic strategy is most significant for retail banks. The research also identifies factors that influence the use of generic strategies in retail banking. It was envisaged that the research would produce useful information for retail bank managers on the benefits of implementing Porter's generic strategies to improve the competitiveness of the bank and satisfy the needs of consumers.

1.5. SIGNIFICANCE OF THE STUDY

The South African retail banking market and the consumers thereof have undergone a dynamic shift of late which makes it necessary to identify how those changes affect the competitive position of the bank. The study will provide insightful information to managers on the current conditions of the retail banking market in South Africa vis-à-vis the needs of consumers. The study identifies which competitive strategies are most effective under the current economic climate which can allow managers within the bank to determine their next strategic move for the business. The study will fill the knowledge gap in using generic strategies to achieve a competitive advantage within the South African retail banking market. The findings of the study will align products and services offered by retail banks with the needs of consumers. This may also highlight current gaps in a product offering that may be contributing to poor consumer

retention and market penetration. Useful information will be provided to other stakeholders like bank employees who can understand and drive the strategic direction of the business from an implementation perspective. Employees will also have the opportunity to understand the needs of the consumers they serve which will impact the overall customer experience and support client retention.

1.6. RESEARCH OBJECTIVES

- To identify factors that influence consumer response to generic competitive strategies in the retail banking sector of South Africa.
- To examine which generic strategy resonates with consumers when selecting a bank.
- To identify which generic competitive strategy or combination of strategies is better suited to retail banking in South Africa.

1.7. RESEARCH QUESTIONS

- What factors influence consumer response to generic competitive strategies implemented by retail banks in South Africa?
- Which of the generic strategies resonates more with consumers when selecting a bank?
- Which generic competitive strategy or combination of strategies is better suited to retail banking in South Africa?

1.8. RESEARCH METHODOLOGY

1.8.1. Research design

The research design is an important tool as the design can be viewed as a blueprint that is used to achieve the research objectives and identify solutions to the research questions promptly. For this study, a descriptive research design was deemed appropriate to achieve the research objectives. The utilization of a descriptive research design proved sufficiently beneficial as it allowed the researcher the opportunity to observe and describe the data set without influencing them. This specific design also allowed the researcher the opportunity to understand the phenomenon of generic competitive strategy and its impact on achieving a competitive advantage in retail banking through the satisfying of consumer needs.

1.8.2. Research method

The research method was administered in the form of a survey which was used to assess the extent to which Porter's generic strategies can be used by retail banks in South Africa to achieve

a competitive advantage by identifying factors that influence consumer selection of a bank. The research instrument adopted for this method was a questionnaire. The research also assumed a quantitative design which, in essence, takes a more rigid and defined approach to research by performing tests of statistical significance (Trafimow, 2014). Numerical data was gathered and analysed using statistical tools to identify relationships between variables and predict trends, behaviors, and results.

1.8.3. Research philosophy

The research paradigm adopted in the study is that of a positivism paradigm. Research paradigms are an important consideration of research as the paradigm forms the philosophical foundation of the overall study (Bell and Waters, 2018).

1.8.4. Population

Ondiek (2016) identified that a population consists of the pool included in the research study in which elements can be drawn and conclusions can be generalized. For the purposes of the study, the population includes all users of retail banking services as these individuals are capable of providing the required information to satisfy the objectives of the study. According to Statista (2023), the total banking market of South Africa contained more than 55 million users during the 2021/2022 financial year.

1.8.5. Sample

A sample is a subset of the population that defines the number of individuals from the population that will fall part of the study (Bell and Waters, 2018). The sample references all respondents from the population and is usually subdivided into demographic categories which include age, gender, rank, location, qualification, etc. In the Pietermaritzburg area, there are several banks in operation but due to the availability of resources and time constraints, the researcher narrowed down the sample to the local Raisethorpe area, more specifically, the MD Singh Heights residential building. The researcher adopted the non-probability convenience sampling method which is the most common type of sampling method that allows for quick and easy data collection at a relatively low cost (Nanjundeswaraswamy and Divakar, 2021). The sample was conveniently selected at the MD Singh Heights residential building which provided access to a sample of the banking market made up of 68 (sixty-eight) individuals who are users of financial products and can satisfy the requirements of the study.

1.8.6. Data collection methods

The research was conducted using questionnaires issued to the targeted sample to extract primary data from a variety of study units to draw comparisons. The distribution of

questionnaires took place in the city of Pietermaritzburg, primarily in the area of Raisethorpe, at the MD Singh Heights building. The researcher made use of digital channels to distribute questionnaires due to the threat of COVID-19 which limited face-to-face interaction. While some face-to-face interactions took place, distribution was predominantly achieved through digital platforms where PDF questionnaires and Google Form links were presented to the target sample. The questionnaires followed a formal structure that was made up of both nominal and ordinal questions which followed a closed-ended structure. The questionnaire contained dichotomous, multiple-choice, and five-point Likert scale questions. The questionnaire was made up of 28 questions with the first 4 questions defining the demographics of the respondents. Questions 5 to 8 included probing questions about the study and the responder's use of banking products. Questions 9 to 28 were tailored toward the reaction of responders toward low-cost, differentiation, focused, and best-cost strategies. These particular questions were structured using a five-point Likert scale which ranked responses as; 1. Disagree, 3. Neutral and 5. Agree. The scale was ranked from 1 to 5 with 2 and 4 being slightly disagreed and slightly agree respectively.

1.8.7. Data analysis

Descriptive statistical tools such as frequency distribution, mean, median, and standard deviation were employed during the study. Cronbach alpha scores were also applied to the data to establish the reliability of the instrument used. Further to this, skewness and kurtosis statistics were applied to test for normality in the data. Lastly, the Kolmogorov-Smirnov test (K-S test) is applied to test the null hypothesis of the study. Percentages are assigned to rank the popularity of strategies that appeal to consumers. Determining the mean of the sample allowed the researcher to measure the extent to which these strategies can be adopted by banks. The correlation coefficient was employed to establish any meaningful relationships that may exist between the dependent and independent variables. For the study, the correlation was applied at a confidence level of 0.05. The benefit of applying a correlation approach is that a positive correlation between the two variables indicates both variables increase in relation to each other while a negative correlation means that the variables move in opposite directions i.e. when one variable moves upward, the other variable will move in a downward direction (Schober et al., 2018). The data that was extracted from the sample was analysed using Microsoft Excel as well as graphs, tables, and charts to present the information logically. Statistical software such as SPSS was also employed during the analysis of data.

1.8.8. Hypothesis Testing

The tool used to test the hypothesis in this study was the Fisher-Freeman-Halton exact test which is a robust test that examines the dependence and independence between variables. During the test, the null hypothesis (H₀) states that there is no association between variables while the alternate hypothesis (H₁) states that there is an association between variables.

The study also made use of the Kolmogorov-Smirnov test (K-S test) which was used to measure the impact of generic strategy implementation in consumer selection of a bank. During this test, the null hypothesis (H₀) suggests no difference in the implementation of generic strategies while the alternate hypothesis (H₁) suggests a significant difference in the implementation of generic strategies.

1.8.9. Pilot study

A pilot study is conducted for the assessment of all aspects of the study to minimize unnecessary effort from both the researcher and participants involved as well as assessing the quality of the instrument being used (In, 2017). The pilot study was conducted with the members of a church that gathers once a week at the commercial unit located at MD Singh Heights. Again, convenient sampling was employed to run the test survey at the Church as individuals were easily accessible. During the pilot, the questionnaire was distributed to 10 members of the church who had experience using banking products and would be able to adequately answer the questionnaire. The purpose of the pilot was to evaluate the research instrument for potential problems and to ensure the information gathered is relative to the objectives of the study. There were a total of 10 questionnaires issued during the pilot with 10 responses received making the response rate 100% for the pilot study. During the pilot test, respondents were required to comment on the time allocation applicable to complete the questionnaire. The pilot group did not indicate any issues with the time allocation for the questionnaire and found that the time allocation was sufficient to fully answer the questionnaire.

1.9. DEFINITION OF TERMS

To gain a better understanding of generic competitive strategies, the study identified several key concepts that contribute to the successful implementation of generic strategies. It is vital to understand these concepts and how they align with the outcome of the study and the overall application to retail banks of South Africa.

1.9.1. Strategy

Strategy can be defined as an action plan that is developed by management and intended to be used for the running and directing of daily business operations (Thompson et al, 2007). Successful strategy implementation can lead to the creation of three main benefits. These benefits include; strategic resource allocation, economic gain, and a platform for effective decision-making (Ogutu and Nyatichi, 2012).

1.9.2. Strategic objectives

Strategic objectives represent the goals laid out by the organisational vision statement which are used as key inputs in this process (Grzegorzek, 2021). Business objectives usually define low to medium-term targets which are broken down into workable tasks and components that need to be performed to achieve the organisational goals.

1.9.3. Resource-based theory (RBV)

RBV is an established theory in strategic management that highlights the importance of organisations owning their resources or “strategic resources” to achieve a competitive advantage over those competing companies that lack resources (Odwaro et al., 2022). The theory emerged to explain how key resources lead the organisation to a competitive advantage that is sustainable over the long term (Giustiziero et al., 2023).

1.9.4. Dynamic Capability Theory (DCT)

DCT defines guidelines for establishing, implementing and protecting core capabilities in a manner that swiftly adapts to changing environments (Wanjogo and Muathe, 2022).

1.9.5. Competition

Competition is created when competing companies provide goods and services that are similar, if not the same. These goods are then targeted and sold to the same segment of consumers using enhanced tactics and perceived value to outperform rivals and establish competitive dominance (Ogutu and Nyatichi, 2012).

1.9.6. Competitive advantage

A competitive advantage is instinctively created out of the firm’s ability to add value to consumers (Abou-Moghli et al., 2012).

1.9.7. Porter’s Five Generic Strategies

Porter’s five generic strategies include; low-cost provider, broad differentiation, focused low-cost, focused differentiation, and the best-cost provider strategy (Tanwar, 2013).

1.9.8. Low-cost strategies

Seek to identify the relationships between high-volume production quantities and the underlying cost of production. The focus of the strategy is to appeal to the price sensitivity of consumers with the goal being to reduce the per-unit cost of production (Ondiek, 2016).

1.9.9. Differentiation

Allows the business to achieve a competitive advantage by producing goods and services that are considered unique or special to consumers within the market (Ondiek, 2016).

1.9.10. Focused strategies

Allow managers and leaders to select one of two focus areas. The first is a narrow focus which allows the business to target a single segment or a few smaller segments. The second focus is a broad focus strategy where managers would target multiple market segments at the same time (Ondiek, 2016).

1.9.11. Best-cost provider strategy

This strategy is known as a hybrid strategy. Best-cost providers can combine the benefits of low cost and differentiation into a single strategy that allows the business to create a product that offers a superior level of value at a price that appeals to price-sensitive consumers (Dutta, 2014).

1.9.12. Retail banking

According to Pritchard (2022), retail banking consists of day-to-day banking that occurs between consumers and banks. The services and facilities made available to consumers in the retail banking space include cheque and savings accounts, loans and facilities as well as insurance and investment solutions.

1.10. ETHICAL CONSIDERATION

The first ethical consideration to conduct the study in question was obtained from the Research Ethics Committee (REC) at the University of Kwa-Zulu Natal which approved and granted permission to the researcher to conduct the study based on the topic at hand. Thereafter the body corporate at MD Singh Heights was approached to grant gatekeeper permission to the researcher to carry out the study on the premises. The relevant informed consent documents were made available to the participants to ensure that all information surrounding the study was made clear and that participation in the study was done voluntarily. Respondents to the study were also informed that all data gathered would be treated ethically and confidentially.

All steps and protocols were taken to ensure compliance with ethical considerations to uphold human rights and dignity during the study.

1.11. CHAPTER ORGANISATION

Chapter One- Introduction

The first chapter of the study established a foundation of the study by introducing the topic and background of the dissertation. Thereafter the introduction was broken down into the research problem, aims, purpose, and overall significance of the study. The research objectives and questions were then introduced. Several important terms and definitions were identified in this chapter which will be carried forward in the remaining chapters. The research methodology for the collection of data required to satisfy the research questions was then determined. The chapter concluded by establishing the formal structure and layout of the overall study.

Chapter Two- Literature Review

The primary focus of chapter two is the breakdown of literature and studies that are already available vis-à-vis the body of knowledge. The conceptual review identifies key concepts that relate to Porter's generic strategies which include strategy as a broader concept, competition, innovation, and environmental analysis. The data extracted in this chapter originates from several bodies of work which include journals, research papers, books, and websites.

Chapter Three- Research Methodology

The next chapter in the study is chapter three which discusses the research methodology followed throughout the study. Chapter three identifies the research design chosen by the researchers as well as the research methods, population selection, and sampling techniques. The chapter also identifies the data collection and analysis tools and methods to be implemented during the life of the study. The chapter concludes with the ethical considerations taken into account during the course of the study.

Chapter Four- Findings and Discussion

The fourth chapter of the study is an essential component of the study as it breaks down and analyses the outcomes and findings brought upon during the collection of data. There is a discussion on several key points identified by the researcher which is visually laid out using a myriad of tables and charts to illustrate the findings vis-à-vis the research problem and questions.

Chapter Five- Conclusion

Chapter five closes out the study by illustrating the main findings of the study in relation to the use of Porter's generic strategies in the retail banking sector of South Africa. The chapter also postulates recommendations and presents the overall limitations experienced during the study. Lastly, the study concludes with recommendations for future studies that can be conducted within a similar sphere of strategic development within the retail banking industry.

1.12. CHAPTER SUMMARY

The first chapter of the study identifies the purpose and background of the study by indicating the research problem at hand. The chapter also breaks down the research aim, purpose, objectives, and questions which are identified as the main arteries of the study. Important terms and concepts were also highlighted in this chapter. The significance and importance of the study are also identified in this chapter and are closed off with a breakdown of the research methodology and the chapter layout employed during the study.

CHAPTER TWO

LITERATURE REVIEW

2.0. INTRODUCTION

The retail banking market in South Africa is continuously receiving attention due to the growing needs of consumers and the potential for financial gain. As such, remaining competitive becomes an absolute necessity to survive in this market. The literature review highlighted in this chapter unpacks the existing body of knowledge surrounding Porter's generic strategies and the concept of competitive advantage. The discussion held is in line with achieving growth within the retail banking space through the satisfaction of consumer needs and is based on both theoretical and empirical evidence.

2.1. CONCEPTUAL LITERATURE REVIEW

2.1.1. Retail Banking

According to Pritchard (2022), retail banking consists of day-to-day banking that occurs between consumers and banks. The services and facilities made available to consumers in the retail banking space include cheque and savings accounts, loans and facilities as well as insurance and investment solutions. The services offered by retail banks assist consumers within the general public with their personal financial matters, unlike corporate and government consumers who may have more complex financial needs (Howard, 2022).

As an economy grows and develops, retail banks become a more prominent component for maintaining financial soundness and stability through the services they offer to consumers (Demirguc-Kunt et al., 2012). The traditional services that are offered usually sit along a continuum of deposit-taking and credit-granting inter-alia. The consumers that utilize these services are split between individuals and businesses. Even though both segments require the same deposit and credit facilities, the financial needs of these markets differ significantly which is why the industry is divided into retail and commercial banking (Reed, 2019). Commercial or corporate banking focuses on the banking needs of businesses, corporations, and government institutions while retail banking focuses specifically on the banking needs of individuals and households.

2.1.2. Strategy

Strategy can be defined as an action plan that is developed by management and intended to be used for the running and directing of daily business operations (Thompson et al, 2007). It is noted that strategy has the capability of propelling the organisation forward as it forms the cornerstone of every business function (Torres-Teves et al., 2023). Successful strategy implementation can lead to the creation of three main benefits. These benefits include; strategic resource allocation, economic gain, and a platform for effective decision-making (Ogutu and Nyatichi, 2012).

Many authors have established that an effective strategy can be used to identify internal strengths and weaknesses. While strategy is the development of plans to achieve goals, the foundational basis of strategy is the results of decisions that shape organisational performance (Nazari et al., 2022). An effective strategy is also able to manage and control external opportunities and threats that hinder business operations (Ogutu and Nyatichi, 2012). Shaw (2021) noted in his research that the downfall of many businesses is a direct result of managers having a vision of future growth but not having a strategy in place to break down goals into smaller, workable components. This failure highlights a vulnerability that the business incurs which may only become visible in times of great despair (Shaw, 2021).

Planning often acts as a catalyst for business stability and sustainability. Having a solid corporate strategy in place is an important component and defence mechanism for any successful business. This is regardless of the industry being evaluated as strategy identifies the path to organisational success (Ali and Anwar, 2021). There are an infinite number of unique strategies that exist as businesses differ in size, strengths, resources, and competencies. There are, however, several basic choices that can be customized to create a generic fit for the business in question (Olson et al., 2005).

Strategies create structured guidelines that allow resources to be configured in a manner that meets the needs and expectations of the consumer. Having these structures and platforms in place is especially relevant in fast-moving, rapidly changing environments (Ogutu and Nyatichi, 2012). To achieve competitive goals and objectives, managers resort to setting individual targets which require strategic planning to achieve. These strategies are then broken down even further into short-term targets and workable components that highlight daily tasks or key performance indicators that need to be achieved to meet the overall business goals and objectives. The result is that having a superior strategy in place will set the business apart from

competitors create a sense of identity as well as establish core values and give the business a purpose (Shaw, 2021).

2.1.3. Resource-based View theory (RBV)

RBV is an established theory in strategic management that highlights the importance of organisations owning their resources or “strategic resources” to achieve a competitive advantage over those competing companies that lack resources (Odwaro et al., 2022; Wanjogo and Muathe, 2022). The theory emerged to explain how key resources lead the organisation to a competitive advantage that is sustainable over the long term (Giustiziero et al., 2023). The theory excludes imitable resources like cash or equipment as these can be easily replicated by competitors. The rarity of the resource creates an added advantage in distinguishing a firm competitively from similar organisations in the market (Gatimu and Amuhaya, 2022). These resources may include internal skills, knowledge or procedures that are strategically valuable to the firm and may be considered difficult for competitors to imitate. Odwaro et al (2022) were in their writing, of the opinion, that RBV is a fundamental determinant of organisational performance and that established performance is driven by resources held within the business that classifies the organisation as unique and superior amongst competitors. A level of differentiation is created between these competitors (Wanjogo and Muathe, 2022).

The foundation of the theory allows management to understand the relationships between resources and how these resources can be pooled together to achieve a competitive advantage (Estensoro et al., 2022). It is noteworthy to understand that resources are in fact tradeable according to Odwaro et al (2022), while unique internal capabilities are non-tradable as they are intangible and specific to the firm. As a result, organisational asymmetries may not be determined by the ownership of a specific resource but rather by how that resource is utilised and pooled together with other core competencies within the internal environment to achieve a competitive advantage (Estensoro et al., 2022; Odwaro et al., 2022; Wanjogo and Muathe, 2022, Gatimu and Amuhaya, 2022). The results of which allow firms to lead resources and capabilities toward a specific strategic direction designed to achieve and maintain a competitive edge. The theory becomes important in research as organisational resources are viewed as unique features that results in a competitive position derived internally based on the organisations specific strategic direction.

While the RBV theory is prominent in management research, the basis is considered ambiguous as there is a narrow focus on the means by which organisational resources influence a competitive advantage (Wanjogo and Muathe, 2022). The criticism of the theory does not

consider how a competitive advantage can be achieved in a dynamic market as the theory focuses solely on internal competencies and ignores external environmental factors.

2.1.4. Dynamic Capability Theory (DCT)

A noted weakness of the RBV theory is the inward focus on resources and capabilities held by the firm to achieve a competitive advantage. The focus is held in isolation and neglects the inclusion of the external market (Wanjogo and Muathe, 2022). Dynamic capability theory (DCT) remedies these shortcomings by expanding the view toward the external environment expounding performance in continually changing environments and adopting a customer-centric view to maintain a competitive advantage (Estensoro et al., 2022). DCT establishes guidelines for establishing, implementing and protecting core capabilities in a manner that swiftly adapts to changing environments (Wanjogo and Muathe, 2022). A study conducted by Muithya and Muathe (2020), investigated the impact of dynamic capabilities on the performance of microfinance firms in Kenya which resulted in varied correlations between significant and non-significant performance impact. The finding established by the authors is that dynamic capabilities are determined by the institution's ability to develop exclusive competencies that react to changing market environments (Muithya and Muathe, 2020). DCT thereby results in effective institutional problem-solving by sensing external opportunities and threats.

2.1.5. Competition

It is known that an entrepreneur, manager, or leader would vet an industry as viable and attractive if the opportunity for wealth and above-average profits is prominent. As industry profitability becomes attractive, competition is more than likely to follow (Nyaga and Njoroge, 2022). Competition is created when competing companies provide goods and services that are similar, if not the same as other businesses in the market (Giantari et al., 2022). These goods are then targeted and sold to the same segment of consumers using enhanced tactics and perceived value to outperform rivals and establish competitive dominance (Ogotu and Nyatichi, 2012). In summary, competition and the competitiveness of an institution refer to those inherent factors that make an organisation operate better than others in the market (Nyaga and Njoroge, 2022).

2.1.6. Competitive Advantage

Building a superior brand and going the extra mile for consumers allows the business to achieve a competitive advantage (Abou-Moghli et al., 2012). A competitive advantage is instinctively created out of the firm's ability to add value to consumers (Gupta, 2022). Businesses that are

able to command a higher percentage of market share relative to other businesses sharing the space can realize a competitive advantage (Wanjogo and Muathe, 2022). Gupta (2022) highlighted two essential concepts around competition which include competitive scope and competitive advantage. Competitive scope which focuses on a wide or limited target range and competitive advantage at a lower cost or differentiated offerings. The value that's created, positions the business as superior in the eyes of consumers relative to rivals in the market (Odwaro et al., 2022). The application of business strategies and generic strategies to direct overall organisation resources, which include both tangible and non-tangible resources, contribute to the organisation's market performance (Wanjogo and Muathe, 2022).

Competitive advantage is realized through the value created for consumers which exceeds the overall cost of production. Mwangi and Omwenga (2022) determined that the sustainability of a competitive advantage is highly dependent on the isolation of internal and external factors that nullify and neutralize competitor's ability to perform in the market. The theory of competitive advantage and sustainability is a critical component that filters into the realization of Porter's five forces and the implementation of Porter's generic strategies. (Mwangi and Omwenga, 2022). In light of the factors highlighted above, the resulting goal of a competitive advantage is to build and retain a profitable and long-term position (Gatimu and Amuhaya, 2022).

2.1.7. Innovation and change management

Innovation at an organisational level is one of the key driving forces to achieving a competitive advantage. The second driving force is the organisation's ability to respond to change. This could include both internal and external change (Tornjanski et al., 2015). When innovation becomes entrenched within the organisational culture and is embedded into the fabric of the business, it becomes an internal strength and a core competency that pays dividends in the future. Many authors agree that innovation is not only the pursuit of radical invention but rather the pursuit of incremental changes that result in a major radical innovation that sits along a continuum (Kahn, 2018). Innovation at an organisational level can come in many shapes and forms and can occur at any level where innovation is cultivated. Innovation can be seen as any new product, service, or technology that is executed by a business to set itself apart from other rival firms. Innovation could also be in the form of improved internal processes such as cost reduction strategies. When the concept of innovation is adopted as part of the business foundation and embedded into the culture, innovation becomes a priority and forms part of daily business operations (Kahn, 2018). The need for change is often reactive and triggered by

an organisational crisis which is often unpredictable (By, 2005). The stability and profitability of a business rely heavily on the company's ability to identify and respond to change (Gini and Agala, 2023).

Change management is an ongoing internal process of continually reviewing the strategic direction and capabilities of the organisation to meet changing internal and external environments. By (2005) argued that there is no formal framework for establishing change management protocols, however, there are two issues that many authors agree on. Firstly, the pace of change is always consistent with the current business environment and never greater. Secondly, change is triggered by both internal and external environments and comes in all shapes and sizes affecting all organisations in every industry (By, 2005). For business survival to occur, effective leadership has to come to the fore. Effective leaders need to lead change and pilot the business through turbulent times. These change processes are also capable of aligning the strategic direction of the business in a manner that adequately satisfies the needs of consumers as well as positions the business as superior relative to rivals in the market.

2.1.8. Internal analysis

Assessing and evaluating a business's internal competencies can be done using the classic SWOT analysis model (Kono and Barnes, 2010). The acronym SWOT, which translates to strengths, weakness, opportunity, and threats, is a tool that has been well-researched over the years and continues to be a yardstick for strategy development and goal setting within organisations (Goyal et al., 2022). The task of a SWOT analysis results in an optimistic view of the strategy needed by the organisation to achieve a specific goal (Birru et al., 2022). SWOT analysis focuses on identifying and evaluating internal strengths to provide management with information that allows them to fully utilize the organisation's core competencies to exploit external opportunities. The analysis can be viewed as strategic management practices that are administered systematically to assess the organisation's current perspectives (Hassany and Pambekti, 2022). According to the authors, these internal and external perspectives are viewed as a framework within the organisations strategic planning system (Hassany and Pambekti, 2022). The results of the SWOT analysis can be viewed as an early warning system that is used to mitigate external threats and highlight areas of internal organisational weakness (Al-Rousan and Qawasmeh, 2009). Birru et al (2022) noted in their research that results are useful in providing recommendations to maximize strengths and exploit opportunities to create a competitive edge. The results of a SWOT analysis can also signal a need for a strategy change.

2.1.9. External environmental analysis

Philip (2019) defined the macro environment as those external factors that are uncontrollable but have an impact on the organisation's decision-making. The author established that businesses should not operate in silos but rather exist in a broader space and context that may create potential opportunities or threats. These macro-environmental factors include:

2.1.9.1. General economic conditions

Economic conditions of the market are critically vital to the survival of any business vis-à-vis the industry in which they operate. The banking industry is no exception as banks in South Africa drive economic activity as well as enforce the monetary policy laid out by the government (Mishi and Tsegaye, 2012). These economic forces have a direct impact on consumer purchasing power as well as the pattern in which consumers spend (Philip, 2019). Any movement in economic policies like inflation and repurchase rates has a direct effect on how the bank sells and prices its services (Matemilola et al., 2015).

2.1.9.2. Legislation and regulation

The financial services sector in South Africa is heavily littered with legislation and regulations that govern how banks conduct business. Compliance with this legislation is a non-negotiable in the industry and companies within the sector have little to no control over changing regulations (Gillwald, Mothobi et al. 2018). Non-compliance with legislation can result in financial losses and recommitment of licenses.

2.1.9.3. Population Demographics

Population demographics are a widely considered factor when it comes to strategy development and success in business. It's said that a successful business cannot survive without adequately studying the population of people that live within a market. This factor remains relevant regardless of the market being tested as demographics highlight information such as age, race, ethnicity, gender, educational background, income, and employment status (Vallabh and Mhlanga, 2015). The retail banking sector is no exception as the population of banking consumers is widespread and is separated and defined by varying needs (Kainama and Prawiraatmadja, 2022). These needs may include age, race, education, life-cycle stage, income, employment status inter alia.

2.1.9.4. Social values

Social environments can become a sensitive topic and should be treated with the utmost care and respect. This is especially true in a multicultural country like South Africa as the country is home to a variety of different populations and sub-populations each with its own unique

beliefs, customs, and behaviors (Duro, 2018). In essence, this means that people from one subpopulation may have different cultural beliefs and values that guide their decision-making in terms of what is deemed as correct behavior within the context of their culture compared to people in another subpopulation who may view the same behavior as right or wrong. Businesses are required to adapt and acknowledge societal values as they contribute significantly to consumer buying behavior (Duro, 2018). Buying behaviors and spending patterns have drastically changed within the South African banking sector since the global pandemic of 2020 (Kainama and Prawiraatmadja, 2022). E-commerce and digital payments have shifted the social values of the market which has increased the need for a unified banking experience. The social shift in consumer behavior creates a plethora of opportunities for retail banks to capitalize as the shift influences how consumers select an appropriate banking brand (Kainama and Prawiraatmadja, 2022).

2.1.9.5. Technological Environment

In the modern world, most systems, segments, and societies rely heavily on technological advancement. Breakthroughs in this environment occur daily and have the potential to make or break a business. This is especially true in business today as an adaptation to the electronic world of systems and software improves business operations, increases efficiency, and reduces costs (Shu and Strassmann, 2005). These innovations in systems and software are usually adopted by businesses as part of a new strategic direction that is intended to deliver a competitive advantage. Commitment to technological advancement also has a direct impact on the appetites of consumers in support of a specific brand. Kainama and Prawiraatmadja (2022) identified the technological environment as a critical consideration in the modern banking industry as technology is viewed as both a driver and change agent that leads to critical transformation.

2.1.10. Porter's Five Forces

Porter (1980) articulated the use of five key forces that can be used as a measuring stick to assess the economic health of competition within the industry. Organisational analysis of Porter's Five Force model highlights and describes the business ramifications of strategy implementation (Ahdallah and Sukarno, 2023). The effects of these forces, however different they may be, are felt in just about every industry. Khoualed and Bouzerb (2023) argue in their research that competition that exists within a market is simply a result of the five forces illustrated by Porter. These five key forces include the threat of new entrants, the threat of substitute products, the bargaining power of both buyers and suppliers as well as the threat of

rival firms directly affecting the company's ability to generate a profit and survive in the industry.

- ***Bargaining power of suppliers***: suppliers have a major impact on the profitability of businesses. They achieve this through added pressures of price or quality increments which affect the profitability of businesses (Indiatsy et al., 2014). Khoualed and Bouzerb (2023) noted in their findings that the bargaining power of suppliers is often overlooked or viewed as insignificant within the banking industry as banks generate revenue through deposits made by customers. However, it becomes a critical task to maintain optimal relationships with suppliers as they influence the daily operations of the bank through the supply of business resources (Khoualed and Bouzerb, 2023).
- ***Bargaining power of buyers***: buyers consist of consumers who have the potential to drive down prices and demand improved quality by pitting competitors against each other (Indiatsy et al., 2014). The banking industry in South Africa is highly segmented, with each segment having its own level of profitability and attractiveness. Mazikana (2023) highlighted several groups within the banking sector that impact buying power. These groups include non-governmental organisations, institutions, faith-based organisations, individual consumers, corporations and community-based organisations (Mazikana, 2023). As these buyers influence the success and profitability of the bank, the satisfaction of buyers remains key to survival within the market (Khoualed and Bouzerb, 2023).
- ***The threat of new entrants***: when an industry has seemingly high growth and profitability, it creates an attractiveness that appeals to new business owners. These owners attempt to enter the market in the hope of gaining a piece of the market through the implementation of fresh products, innovations, and operations (Indiatsy et al., 2014). These new entrants erode the profitability of existing competitors, however, an industry with high barriers to entry, such as the banking sector, can potentially deter new market entrants (Mugo, 2020). Current market conditions are considered discouraging to new market entrants due to the high barrier risk (Mazikana, 2023). However, non-banking institutions like insurance companies and investment firms have created major disruptions within the industry which places pressure on existing banks to maintain their competitive position (Khoualed and Bouzerb, 2023).
- ***Rivalry among existing firms***: rivalry looks at the relationship between the various businesses competing against each other in the same market. Banks usually jockey for

position as there is a competitive struggle to gain market share from each other (Indiatsy et al., 2014). These banks each operate under difficult circumstances, in an industry where products are not highly differentiated, low exit barriers exist, and low customer loyalty (Mugo, 2020).

- ***The threat of substitute products***: substitute products become a real concern when buyers can switch from one product to another with relative ease (Mugo, 2020). The modern banking market has become transformed in recent times leading to great diversification of banking products available through banking and non-banking institutions (Khoualed and Bouzerb, 2023). Traditional products and banking methods are becoming obsolete due to the introduction of substitute products and banking channels (Khoualed and Bouzerb, 2023).

2.1.11. Porter's Five Generic Strategies

Porter's five generic strategies include; low-cost provider, broad differentiation, focused low-cost, focused differentiation, and the best-cost provider strategy (Tanwar, 2013). Many authors agree that as a business in the modern world, it is not always possible to exceed in all dimensions of the industry. As a result, leaders are often required to take an offensive or defensive position to mitigate the effects of the five forces that exist in the market (Gakumo, 2006). Most businesses do not have the necessary means available to implement all five generic strategies in a single undertaking. Most managers and leaders would agree that as a growing business, it is a viable option to focus time, energy, and resources on perfecting a single strategy or a combination of strategies that best satisfies the needs of consumers and meets the objectives laid out by the business. This is usually done because each generic strategy is designed to lead the business to achieve a specific objective and navigate the business to achieve a competitive advantage in line with those specific objectives (Vahdati et al., 2018).

The first step is for managers and leaders to determine their choice of market which could have a broad or narrow focus. This choice is usually based on two key points. The first is the attractiveness of the market and the second is the profitability outlook (Ondiek, 2016). Low-cost providers and differentiation are best suited to organisations targeting a broad market of consumers. These strategies seek to maximize profitability through high-volume selling. While focused strategies on the other hand favour businesses that are looking to maximize growth and opportunity in a specific niche market. Porter's strategies can be implemented in just about any industry and have the potential to produce above-average performance hence the term "generic" (Gakumo, 2006).



Source: De Bruin (2022:1)

Low-cost strategies: seek to identify the relationships between high-volume production quantities and the underlying cost of production. The focus of the strategy is to appeal to the price sensitivity of consumers with the goal being to reduce the per-unit cost of production (Ondiek, 2016). The emphasis of the strategy sheds light on lowering the cost of organisational inputs and activities to maximize scale economies (Bii and Mwasiagi, 2023). The opportunity created is that goods can be sold at a lower price compared to the same goods being sold by competitors. Muriithi (2022) identified that cost leadership uses the under-price technique as a tool to obtain market share and achieve a longer-term cost advantage over competing brands. For the strategy to be successfully implemented, managers and key decision-makers should find comfort in increasing their investment in production and tying up resources to achieve efficiency, produce higher volumes of standardized products, gain access to valuable resources, and optimize economies of scale (Tanwar, 2013). There is a need to continuously revise costing to prevent the strategy from being short-lived. According to Bii and Mwasiagi (2023), it was articulated that the implementation of such a strategy may not yield a lasting competitive edge required for long-term sustainability. The writings of Bii and Mwasiagi (2023) conflict with that of Muriithi (2022) as Bii and Mwasiagi (2023) suggest that the use of cost leadership as a long-term strategy can lead to budgetary constraints if the strategy is not adequately managed. As a result, aggressive cost-cutting should be adopted with great caution to prevent the erosion of the financial bottom line.

Differentiation: these strategies allow the business to achieve a competitive advantage by producing goods and services that are considered unique or special to consumers within the market (Ondiek, 2016). The goal of this strategy is to create a product or service that stands out in the market (Torres-Teves et al., 2023). Olobo et al (2022) cited in their research that differentiation strategies aim to create perceived value for consumers through distinct features that position the organisation ahead of competitors in the market. The target market for these goods is generally consumers who have a reduced sensitivity to price (Olobo et al., 2022). Differentiation is also typically aimed at consumers who are in search of a higher perceived value from the product or organisation. The result of differentiation strategies often delivers higher profitability as the target market of consumers is not deterred by a premium price but rather responds to perceived value, size, and brand reputation as well as trust and distribution capabilities.

Focused strategies: allow managers and leaders to select one of two focus areas. The first is a narrow focus which allows the business to target a single segment or a few smaller segments. The second focus is a broad focus strategy where managers would target multiple market segments at the same time (Ondiek, 2016). The benefit is that managers have the choice and freedom to decide which focus works best in meeting the goals of the organisation as well as achieving a competitive advantage. The choice of focused strategy can also include elements of low-cost and differentiation strategies i.e. focused low-cost and focused differentiation (Vahdati et al., 2018). Focused low-cost is considered successful when implemented in markets where buyer's needs are relatively cheaper to satisfy compared to the rest of the consumers in the market. The focus here is usually on a specific group of buyers who are likely to respond positively to the products being offered by the business. Focused differentiation on the other hand is directed at markets where buyers demand unique and differentiated products. The strategy targets specific fragments of the market through the delivery of specialized goods that meet the scope of the business (Musyoka, 2023). Buyers in this market are usually happy to pay above-average prices for goods as they respond positively to marketing stimuli, brand power, and value-added services. The strategic direction, in this case, will ultimately depend on the availability of resources and the business's internal level of commitment.

Best-cost provider strategy: This strategy is known as a hybrid strategy. Best-cost providers can combine the benefits of low cost and differentiation into a single strategy that allows the business to create a product that offers a superior level of value at a price that appeals to price-sensitive consumers (Dutta, 2014). The benefits of the strategy can be viewed as the best of

both worlds to strategy. The best-cost provider strategy is considered to be an emerging concept within strategy development which results in superior performance (Alnoor et al., 2022). This approach ticks all boxes when it comes to achieving a competitive advantage. The requirements, on the other hand, are quite high as it does require a long-term commitment of resources from the business as well as skills, knowledge, and know-how to produce high-quality, unique products at a relatively low price (Dutta, 2014). High levels of perceived value should be constantly present for the strategy to be successfully implemented.

2.2. SYSTEMATIC LITERATURE REVIEW

Empirical research is an important consideration of any report as its fundamental nature allows the researcher to derive and draw conclusions based on experimental and quantifiable evidence (Saunders et al., 2019). Research in the area of competitive advantage and the use of generic strategies dates back to the early 1980s and continues to be a relevant topic to this date. Generic strategies have been tested in just about every field by a variety of different researchers all of which yielded different results relative to the industry being tested. This drives the point that the generic strategies theory is not a one-size-fits-all approach to strategy but could act as a guideline for determining the best course of action for future change.

In the field of banking, the use of generic strategies has been widespread and used by many researchers globally. Some lessons and conclusions that were drawn globally could have potential relevance within the South African context, however, more research can be done to test these theories under modern, post-pandemic, circumstances. Many authors who have engaged in data collection and sampling to test the effectiveness of generic strategies in the banking sector make use of quantitative research methods such as questionnaires, surveys, interviews, observations, and experiments to draw conclusions that best satisfy the research questions at hand (Ondiek, 2016, Ogutu and Nyatichi, 2012, Gakumo, 2006, Demirgüç-Kunt et al., 2013). For this empirical review, the researcher focused on three academic papers where empirical research was conducted in the field of commercial and retail banking and the findings thereof.

The consensus among the different researchers is that the implementation of Porter's generic strategies has far-reaching benefits and is capable of propelling the bank into the next phase of its lifecycle. The cost-benefit identifies areas of potential weakness and vulnerability that can be worked on by designing a strategy that best satisfies the needs of consumers better than rivals. Analysis of data and samples by the researchers revealed that most commercial and retail

banks in Africa implement strategies that include aspects of low-cost providers and differentiation.

Gakumo (2006) identified that 40% of commercial banks in the sample were undecided on the strategic direction of the bank as they failed to implement any strategies in line with at least one of the five generic strategies. These banks were stuck in the middle as changes in competition and regulation of the market affected the banks' ability to come up with an appropriate strategy (Gakumo, 2006). On the other hand, 60% of banks in the sample applied some aspect of Porter's generic strategies as some banks that previously focused on narrow aspects of the market were broadening their market range while others that previously ignored a specific market were now becoming more inclusive. In the sample, the most highly used strategy was differentiation as 40% of the population had seen greater results through the implementation of this strategy. Gakumo (2006) concluded that the use of generic strategies is becoming highly implemented in the banking industry and compared to today's standards, has become a fundamental approach to strategy. The results and conclusions presented by Gakumo (2006) are in line with the findings presented by Ogutu and Nyatichi (2012).

The authors Ogutu and Nyatichi (2012) surveyed 18 multinational banks in Kenya where primary data was collected using open and closed-ended questions from the sample. The authors used both qualitative and quantitative data to conclude as well as used descriptive statistics such as cross-tabulation and mean scores to analyse the data collected. The analysis of data revealed that most multinational banks in Kenya made use of differentiation strategies to remain competitive (Ogutu and Nyatichi, 2012). More specifically, a focused differentiation approach was implemented by the banks as the focus was to move away from a traditional transactional cost perspective to a customer service focus. Both Ogutu and Nyatichi (2012) and Gakumo (2006) highlighted that contrary to popular belief, most banks in their respective samples did not yield substantial results from the low-cost provider approach and were not highly adopted.

Ogutu and Nyatichi (2012) noted that the choice of strategy is highly dependent on the industry being tested. The low-cost provider strategy did not suit the banking industry however a study done on the generic strategy at Walmart found that the low-cost provider was more appropriate in comparison to other generic strategies (Stankevičiūtė et al., 2012). Ogutu and Nyatichi (2012) concluded that both qualitative and quantitative data supported the fact that the banking industry can be divided at different levels based on income, age groups, and social and cultural

factors which makes differentiation at a broad or narrow level most appropriate to maintain a competitive advantage.

Ondiek (2016) made an argument in favour of implementing multiple strategies simultaneously to affect a response under different market conditions. The author conducted a study that focused on the commercial banking sector of Barclays Bank in Kenya with a special focus on SME banking. The author used both primary (questionnaires and interviews) and secondary data (financial statements) to conclude the best possible approach to strategy. The sample used by the author was based on 41 branches made up of 70 employees in the Nairobi region. Descriptive statistical techniques such as mean, standard deviation, correlation, and frequency were employed during the study (Ondiek, 2016).

The results of the study identified that low-cost, differentiation, and focused strategies each have the potential for achieving a competitive advantage in the industry as long as it is implemented in line with the business goal and objectives. The study revealed that the low-cost approach can promote growth and facilitate competitiveness as the bank targets price-sensitive buyers. The author made a point that with the growth of digital banking and technology, customers are demanding that banks offer services at reduced costs as well as improved efficiency. The employment of online and digital platforms supports the low-cost provider strategy. Differentiation strategies should also be considered as high competition requires banks to offer unique products and services to consumers at a premium price.

As consumer needs change, banks are required to use their reputation, campaigns, and promotions as core competencies and have a strengthened value proposition in place to improve market penetration and growth. Ondiek (2016) also noted that growth in modern technology makes it possible for both low-cost and differentiation strategies to be implemented simultaneously. While Ogutu and Nyatichi (2012) concluded focused strategies are beneficial in commercial banking, Ondiek (2016) identified that there is a negative correlation between broad and narrow differentiation. The study revealed merit for focused strategies to be used as a viable option to secure a competitive advantage, however, the type of differentiation strategy being implemented is an important consideration (Ondiek, 2016). As noted, there is a negative correlation between narrow and broad differentiation, however, there is a positive correlation with focused low-cost strategies. Having a focused strategy in place allows the bank to direct specific resources and energies into a specific market segment in line with the strategic

objectives of the bank thereby leading to enhanced market capitalization and increased profitability.

2.3. HYPOTHESIS DEVELOPMENT

During the study, the null hypothesis established using the Fisher-Freeman-Halton exact test was as follows:

(H0) states that there is no association between variables

(H1) states that there is an association between variables.

These hypotheses were developed to test the association between each variable and the items used to measure each construct.

The study also made use of the Kolmogorov-Smirnov test (K-S test) which was used to measure the impact of generic strategy implementation in consumer selection of a bank. During this test, the hypotheses were as follows:

(H0) suggests no significant difference in the implementation of generic strategies on consumer selection of banks

(H1) suggests a significant difference in the implementation of generic strategies on consumer selection of banks

2.4. CHAPTER SUMMARY

The primary focus of this chapter was to unpack theoretical and empirical bodies of work that currently exist about Porter's generic strategies and the influence of these strategies in achieving a competitive advantage in retail banking. The relevance of the research done in this chapter is in line with the requirements of the research problem and questions raised in chapter one. The chapter engages with theories and studies related to low-cost leadership, differentiation, focused and best-cost strategic development, and its effectiveness in achieving growth within retail banking. The chapter also identifies other relevant theories such as Porter's five forces, internal and external environmental analysis inter-alia concepts that lead to strategy development.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. INTRODUCTION

The forthcoming chapter is essential to the study at hand as it outlines the methodology used by the researcher during the study. The methodology includes the research design selected, key population, and sampling techniques employed to identify the units of study. The chapter will also cover the research method, data collection, and analysis techniques employed to generate the key findings needed to address the research problem and questions raised in Chapter One. Chapter three will also provide information surrounding the ethical considerations utilized during the course of the research.

3.2. RESEARCH DESIGN

Research design is an essential starting point for gathering information and providing answers to the pre-established research questions (Blumberg et al., 2014). The research design that is selected for any study is an important tool as the design can be viewed as a blueprint that is used to achieve the research objectives and identify solutions to the research questions promptly. An appropriate research design details step-by-step instructions and guidelines that determine how data will be gathered, what data sources will be used, how data will be analysed, and how data will be presented in a manner that satisfies the objectives of the research and closes the pre-determined gap in knowledge (Blumberg et al., 2014). For this study, a descriptive research design was deemed appropriate to achieve the research objectives. The utilization of a descriptive research design proves sufficiently beneficial as it allowed the researcher the opportunity to observe and describe the data set without influencing them. This specific design also allowed the researcher the opportunity to understand the phenomenon of generic competitive strategy and its impact on achieving a competitive advantage in retail banking through the understanding of forces that contribute to consumer selection of a bank.

3.3. RESEARCH METHOD

The research method administered during the study was a survey. The instrument used to gather the data was questionnaires which were issued to the target sample to extract primary data from a variety of study units to draw comparisons. These instruments provided an opportunity to collect quantitative data from the sample. The distribution of questionnaires took place in the

city of Pietermaritzburg, primarily in the area of Raisethorpe. The distributed questionnaires contained closed-ended questions to draw quantitative data. Descriptive statistical tools such as mean, median, and standard deviation were used to determine the popularity and growth prospects of strategies used by the banks. The research employed independent variables which included; low-cost leadership, differentiation, focused, and best-cost strategies while the dependent variable was consumer selection of a bank.

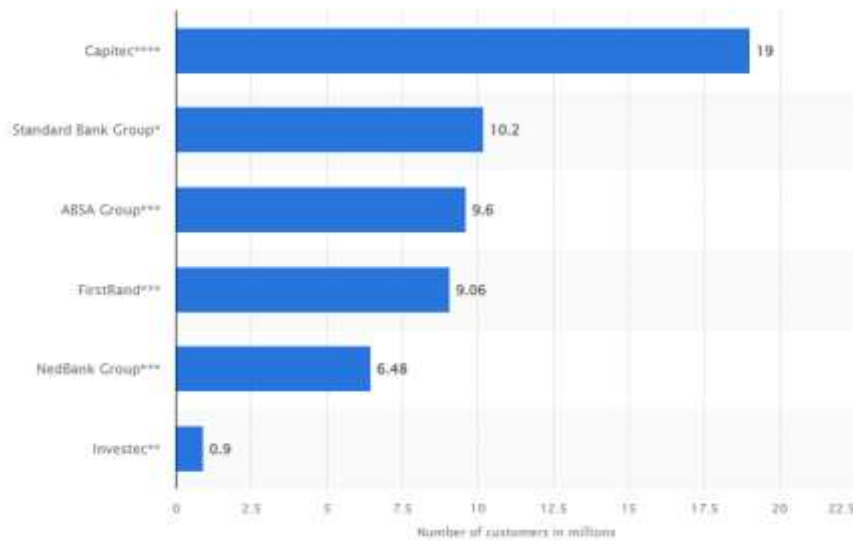
3.4. RESEARCH PHILOSOPHY

Research paradigms are an important consideration of research as the paradigm forms the philosophical foundation of the overall study (Bell and Waters, 2018). There are three fundamental research paradigms that exist. These include positivism which is based on the collection of quantitative data. The second paradigm is interpretivism which takes the position that reality is subjective and is constructed through the observer's experience of it. This method is highly qualitative. The third paradigm is pragmatism which supports a mixed approach that allows the researcher to explore different perspectives for each aspect of the study. The mixed-method approach supports both qualitative and quantitative research (Bell and Waters, 2018). The research paradigm adopted in the study is that of a positivism paradigm. A positivism research design is rooted in the belief that knowledge can be obtained through observation and measurement of a phenomenon. This particular paradigm supports the adoption of quantitative research and the gathering of numerical data to obtain answers to the unknown (Bell and Waters, 2018).

3.5. POPULATION AND SAMPLING

3.5.1. Population

Ondiek (2016) identified that a population consists of the pool included in the research study in which elements can be drawn and conclusions can be generalized. Since the proposed research focuses specifically on the impact of generic strategies on retail banking in South Africa, the population consists of all banking consumers within South Africa. According to Statista (2023), the number of retail banking consumers in South Africa was well over 55 million as of the 2021/2022 financial year.



Source: Statista (2023:1)

3.5.2. Sample

The study sample is considered a subset of the population which defines the number of individuals from the population that will fall part of the study (Bell and Waters, 2018). The sample references all respondents from the population and is usually subdivided into demographic categories which include age, gender, rank, location, qualification, etc. It is important to select the appropriate sample size to support the validity of the findings (Ondiek, 2016). Rahman (2023) suggested that establishing an appropriate sampling size and sampling method is crucial in survey research. The author highlighted two main sampling techniques. These techniques include non-probability sampling which is beneficial in instances where the respondents have no equal chance of being selected for the study. These samples can be established in a relatively short amount of time and at a reduced cost (Rahman, 2023). The second technique is probability sampling which employs random selection methods where everyone in the population has an equal chance of being selected (Rahman et al, 2022).

In the Pietermaritzburg area, several banks and branches form part of the total banking population but due to the size of the population, availability of resources, and time constraints, the researcher narrowed down the population to the local Raisethorpe area, more specifically, the MD Singh Heights residential building which made up the research sample. The building consists of a mixed population divided into commercial and residential sections. The MD Singh Heights body corporate was approached for gatekeeper permission and authorization for the researcher to conduct the study amongst the residents.

3.5.3. Determining the sample

Non-probability convenient sampling was used to distribute questionnaires among individuals within the sample. Non-probability sampling uses non-random ways to select participants within a sample group to participate in the research (Rahman, 2023). The reason for this sampling method is that residents of MD Singh Heights are easily accessible and will be able to satisfy the requirements for the study at hand as individuals in this sample are users of retail banking financial products.

The sample included all individuals who have experience using financial products which included employed, unemployed, retired persons, and students. The sample excluded minors under 18. The researcher was allowed to reach consumers at different service levels who were aligned with different banking brands. MD Singh Heights is made up of 10 residential units and three commercial units. Each residential unit currently has a minimum of 3 household members. It is therefore expected that the residential sample would consist of a minimum of 30 individuals. The commercial units, on the other hand, consist of a call centre which encompasses 30 staff members, and a law firm which consists of 8 staff members. The third commercial unit was unoccupied. As a result, the total sample was determined as:

MD Singh Heights	Number of Units	Average number of residents per unit	Total
Residential units	10	3	30
Commercial units			0
Lawyer office	1	8	8
Call centre	1	30	30
Total population			68

Table 3.1: Target sample

The total population of banking users within the South African context is well over 55 million according to Statista (2023). The size of the banking industry of South Africa poses difficulty in reaching the total population due to time and budgetary constraints. As a result, convenient sampling was employed by the researcher to narrow down the population into a smaller sample of 68 (sixty-eight) (as per table 3.1 above) participants conveniently located at MD Singh Heights. These 68 individuals were considered for the study and made up 100% of the target sample. The benefit of this sampling method according to Nanjundeswaraswamy and Divakar (2021) is that this sampling method allows for quick collection of data from a sample of readily available participants at a relatively low cost.

3.6. DATA COLLECTION METHODS

The results of the study are based on primary data collected from the sample. The researcher employed a non-random sampling method which allowed a subset of the population to be selected based on the convenience of reaching the sample. Thomas (2020) identified that this method is beneficial for exploring issues among specific target markets and groups conveniently and efficiently. Non-probability sampling also supports the use of digital platforms for conducting research (Thomas, 2020). The research was based on the collection of quantitative data in the form of questionnaires that were dispersed among the sample. The combination of quantitative collection methods and non-randomized sampling provided adequate grounds for the closure of knowledge gaps as well as the achievement of research objectives. The researcher made use of digital channels to distribute questionnaires due to the threat of COVID-19 which limited face-to-face interaction. While some face-to-face interactions took place, distribution will predominantly administered using Google Form links on digital platforms. The final survey was only made available in English.

The questionnaires being used followed a formal structure made up of both nominal and ordinal questions which followed a closed-ended structure. The questionnaire contained dichotomous, multiple-choice, and five-point Likert scale questions. Some questions contained in the survey were adapted from existing studies (Ondiek, 2016), while other questions were formulated based on the needs of the study. The questionnaire was made up of 28 questions with the first 4 questions defining the demographics of the respondents. Questions 5 to 8 were probing questions about the study and the responder's use of products. Questions 9 to 23 were tailored toward the reaction of responders toward low-cost, differentiation, focused, and best-cost strategies. The final set of questions, 24 to 28 consisted of specific questions directed toward the forces identified by Porter, and their relationship with respondents. This particular grouping of questions is labelled as “outlier” questions as they contribute to reasoning outside of Porter's generic strategies but exert a degree of influence over the success of strategy implementation. These questions were structured using a five-point Likert scale which ranked responses as; 1. Disagree, 3. Neutral and 5. Agree. The scale was ranked from 1 to 5 with 2 and 4 being slightly disagreed and slightly agree respectively.

3.7. DATA ANALYSIS

The study made use of descriptive statistical tools such as frequency distribution, mean, median, and standard deviation. During the analysis, 5 constructs were established using factor extraction through varimax rotation in line with Porter's generic strategies and were measured against 20 items from the survey. Cronbach alpha scores were also applied to each construct to establish the reliability of the data collected. Further to this, skewness and kurtosis statistics were applied to test for normality in the data. Lastly, Fisher-Freeman-Halton exact tests and the Kolmogorov-Smirnov test (K-S test) were applied to test the null hypothesis of the study. Percentages were also assigned and used to rank the popularity of strategies that appeal to consumers. Determining the mean of the sample was useful in measuring the extent to which these strategies can be adopted by banks. The correlation coefficient was subsequently used to establish any meaningful relationships that may exist between the dependent and independent variables. For the study, the correlation was applied at a confidence level of 0.05. The benefit of applying a correlation approach is that a positive correlation between the two variables indicates both variables increase in relation to each other while a negative correlation means that the variables move in opposite directions i.e. when one goes up, the other goes down (Schober et al., 2018). The data extracted from the sample was analysed using Microsoft Excel as well as graphs, tables, and charts to present the information logically. Statistical software such as SPSS was also used to analyse data collected during the study. The analysis and interpretation of the data should derive a conclusion that either supports the researcher's hypotheses or rejects them. The findings established by the data subsequently closed the knowledge gap identified by the researcher in Chapter One and met the aforementioned objectives.

3.8. HYPOTHESIS TESTING

The tool used to test the hypothesis in this study was the Fisher-Freeman-Halton exact test which is a robust test that examines the dependence and independence between variables. During the test, the null hypothesis (H₀) states that there is no association between variables while the alternate hypothesis (H₁) states that there is an association between variables.

The study also made use of the Kolmogorov-Smirnov test (K-S test) which was used to measure the impact of generic strategy implementation in consumer selection of a bank. During this test, the null hypothesis (H₀) suggests no difference in the implementation of generic strategies

while the alternate hypothesis (H1) suggests a significant difference in the implementation of generic strategies.

3.9. RELIABILITY AND VALIDITY

During the research process, it is important to test validity and reliability to ensure that the data collected from sources are sound and the results obtained are accurate enough to satisfy the research problem (Taber, 2018). A commonly used statistical tool employed by researchers is the Cronbach alpha which was utilized during this study. The instrument is often used to demonstrate the reliability of tests assumed by researchers for purpose and validity.

Validity is a measure of the test construct's ability to measure the intended outcome (Sürücü and Maslakçi, 2020). While reliability ensures test-retest reliability it does not guarantee validity. To measure validity, the following measures were adopted:

Face validity: This is a measure of the extent to which items measure the intended outcome at face value (Sürücü and Maslakçi, 2020).

Content validity: This looks at the extent to which the measures address the construct (Sürücü and Maslakçi, 2020).

Criterion validity: This measure considers how items in the research are correlated with other items which it is expected to be correlated with (Sürücü and Maslakçi, 2020).

3.10. PILOT STUDY

A pilot study is conducted for the purposes of assessment of all aspects of the study with the intention of minimizing unnecessary effort from both the researcher and participants involved as well as assessing the quality of the instrument being used (In, 2017). The pilot study was conducted with the members of a church that gathers once a week at the commercial unit located at MD Singh Heights. Again, convenient sampling was employed to run the test survey at the Church as individuals were easily accessible. During the pilot, the questionnaire was distributed to 10 members of the church who had experience using banking products and would be able to adequately answer the questionnaire. The purpose of the pilot was to evaluate the research instrument for potential problems and to ensure the information gathered is relative to the objectives of the study. There were a total of 10 questionnaires issued during the pilot with 10 responses received making the response rate 100% for the pilot study. During the pilot test, respondents were required to comment on the time allocation applicable to complete the questionnaire. The pilot group did not indicate any issues with the time allocation for the

questionnaire and found that the time allocation was sufficient to fully answer the questionnaire. The reliability of the questionnaire was also tested using Cronbach alpha which resulted in an alpha of 0.761 as represented in Table 4.1 below. This results in moderate to high levels of consistency for the research instrument.

3.11. ETHICAL CONSIDERATION

The first ethical consideration to conduct the study in question was obtained from the Research Ethics Committee (REC) at the University of Kwa-Zulu Natal which approved and granted permission to the researcher to conduct the study based on the topic at hand. Thereafter the body corporate at MD Singh Heights was approached to grant gatekeeper permission to the researcher to carry out the study on the premises. The relevant informed consent documents were made available to the participants to ensure that all information surrounding the study was made clear and that participation in the study was done voluntarily. Respondents to the study were also informed that all data gathered would be treated ethically and confidentially.

As these questionnaires were distributed using Google Forms links, each questionnaire was taken anonymously and each respondent was issued with a response number and user ID. No personal information such as names, addresses, or contact details was collected from respondents as it was not required by the study. Respondents were also allowed to answer the questionnaires at a time and place that was most convenient. Access to the information and responses was only available to the researcher as the primary Google Form account holder. All steps and protocols were taken to ensure compliance with ethical considerations to uphold human rights and dignity during the study.

3.12. CHAPTER SUMMARY

Chapter three above, provided clarity on the research methodology followed during the course of research. The chapter acted as a blueprint that mapped out the research design, population and sampling techniques utilized, and the study site to be used. Further to this, data collection and analysis were also identified by the chapter which will flow into the next chapter which will cover the analysis, presentation, and interpretation of the data collected. Lastly, the chapter closed on the ethical considerations taken into account during the study.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1. INTRODUCTION

The fundamental aspect of this chapter is to analyse the data collected by the researcher and to interpret and present the findings in a manner that satisfies the research questions and objectives of the study. As a result, the purpose of the chapter is to break down the research findings into smaller components to establish the effects of Porter's generic strategies on retail banking in South Africa and its relevance in establishing a competitive advantage under current market conditions.

4.2. RESEARCH OBJECTIVES

Guided by the objectives identified in Chapter One, the study sought to tailor competitive strategies to the retail banking industry of South Africa. The primary focus is to establish if the implementation of generic competitive strategies results in a favourable or unfavourable response by consumers within the retail banking market of South Africa to their needs in selecting a bank. As a result, the objectives which guided the study include:

- To identify factors that influence consumer response to generic competitive strategies in the retail banking sector of South Africa.
- Examine which generic strategy resonates with consumers when selecting a bank.
- To identify which generic competitive strategy or combination of strategies is better suited to retail banking in South Africa.

4.3. RESEARCH PROCESS

The research process that was followed began with the necessary approval from the University of Kwa-Zulu Natal in the form of ethical clearance (appendix 1). Further to this, the body corporate of MD Singh Height was approached to conduct research on-site. Approval was obtained as per the gatekeeper's letter (appendix 2 and 3). Gatekeeper approval was granted from 23 January 2023 to 31 March 2023. During this period, the researcher was permitted to collect data on-site. A pilot test was conducted with 10 members of a church that gathers once a week at MD Singh Heights. 10 questionnaires were sent out during the pilot study to test the

strength of the instrument and 10 valid responses were received allowing for 100% usage of the pilot study results.

The target population sample as per table 3.1 was 68 individuals that occupy the MD Singh Heights building. During the data-gathering phase, it was found that there were 56 actual responses to the questionnaire that was administered via a Google Forms link which helped to improve response rates and efficiency for the study. This means that only 82.35% of the population sample actually responded to the questionnaire. All 56 responses were checked for inconsistencies and validity using Microsoft Excel spreadsheets and it was found that all 56 responses were considered adequate, acceptable, and usable for the study. There were no questionnaires discarded during the analysis. The data was also analysed using SPSS software. This resulted in a 100% usage of the data collected from the 56 responses received through the survey. The data collected during the study is further interpreted using descriptive statistical tools and presented using percentages, tables, and charts to illustrate the findings of the study.

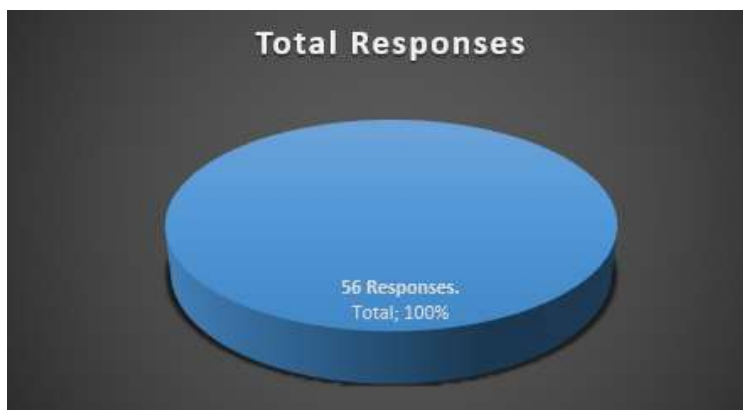


Figure 4.1: Total responses

4.4. FACTOR ANALYSIS

4.4.1. Factor Extraction

The main purpose and function of factor analysis are to determine the relationships between a theoretical construct and a given data set (Sürücü et al., 2022). Factor analysis also measures the extent to which each construct represents the original variable. One of the issues with analysing questionnaires is that as the questionnaire length increases the results become harder to summarise and assimilate. One common solution is to implement factor extraction and group the questions into themes or groups of similar questions to explore the underlying structure or concepts that are addressed by the overall questionnaire (Sürücü et al., 2022). This can be done manually or by statistical methods. The latter is more reliable as it takes away subjectivity. The

questionnaire employed in the study constituted 20 Likert scale questions. Factor analysis was adopted which is a dimension reduction method that creates latent factors that are also known as constructs.

Factor analysis was conducted using SPSS. The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy was 0.576, indicating sufficient sampling adequacy for factor analysis. Bartlett's test of sphericity had a Chi-square value of 459.920, degrees of freedom of 190, and a p-value <0.001 which is statistically significant and therefore indicates that the data is for factoring.

4.4.2. Factor Loadings

Principal component analysis with varimax rotation was employed to extract the factors. Six factors with eigenvalues greater than 1.0 were retained, explaining a cumulative variance of 61.6%. The factor loadings for each questionnaire item on the extracted factors are presented in Table 4.1 below.

	Component				
	1	2	3	4	5
9 Pricing is important to me				,701	
10 Superior service is important to me					,648
11 I need my bank to be more than just a bank	,763				
12 I require innovative solutions from my bank	,779				
13 I prefer digital platforms to branch visits					,695
14 I prefer branch visits and human interactions					-,557
15 I require tailor-made solutions	,689				
16 I require personalized service	,785				
17 I require multiple products to choose from	,657				
18 I require a basic bank account with low monthly fees				,787	
19 I require a balance between price, value, and service				,731	
20 I prioritize value over cost		,683			
21 Value-added services are important to me		,672			
22 Rewards help me make decisions		,707			
23 Convenience and efficiency are important to me		,548			
24 I like to experiment with other brands as they enter the market			,487		
25 I feel it is easy for me to switch from one bank to another			,798		
26 I compare different brands before making a decision			,552		
27 I am a client for life			-,487		
28 I prefer to bank across multiple brands			,737		
Extraction Method: Principal Component Analysis.					
Rotation Method: Varimax with Kaiser Normalization.					

Table 4.1: Rotated component matrix

4.4.3. Interpretation of Factors

Based on the pattern of factor loadings and theoretical considerations, the 5 factors were interpreted as follows:

- Factor 1: Differentiation:** This factor comprises items related to the theoretical description of differentiation strategies. Items with high loadings on this factor include respondent's desires for unique and personalized services, suggesting a common underlying dimension related to differentiation. Items loading in this factor suggested a common theme of differentiation strategies.

Factor 1: Differentiation		Disagree	Slightly Disagree	Neutral	Slightly Agree	Agree	Total Agree	Mean
11 I need my bank to be more than just a bank	%	0	0	7.14	12.5	80.36	92.86	4,73
12 I require innovative solutions from my bank	%	0	0	8.93	10.71	80.36	91.07	4,71
15 I require tailor-made solutions	%	1.79	1.79	37.5	19.64	39.29	58.93	3,93
16 I require personalized service	%	0	0	19.15	25.53	55.32	80.85	4,20
17 I require multiple products to choose from	%	0	0.83	14.88	18.18	66.12	84.30	4,32
Cronbach Alpha		0.820						

Table 4.2: Differentiation

- Factor 2: Focused strategies:** Factor 2 consisted of 4 items. The items suggested a common theme of focused strategies. This includes both focused low-cost and focused differentiation strategies. The items had a Cronbach of 0.67 which is an acceptable level of Cronbach Alpha, especially considering the low sample number. The construct therefore had internal consistency.

Factor 2: Focused Strategies		Disagree	Slightly Disagree	Neutral	Slightly Agree	Agree	Total Agree	Mean
20 I prioritize value over cost	%	3.6	0.0	33.9	25.0	37.5	62.5	3,93
21 Value-added services are important to me	%	0.0	0.0	8.9	32.1	58.9	91.1	4,50
22 Rewards help me make decisions	%	5.4	1.8	21.4	16.1	55.4	71.5	4,14
23 Convenience and efficiency are important to me	%	0.0	0.0	1.8	10.7	87.5	98.2	4,86
Cronbach Alpha	0.67							

Table 4.3: Focused strategies

- Factor 3: Outlier question:** Factor 3 consisted of 5 items. However, one item loaded negatively, a closer look shows that the question when compared to the rest is negatively worded. The rest of the items focus on variety/options but question 27 is on being a client for life. Therefore, the question was recoded to have the items align. The items suggested a common theme revolving around factors that affect the implementation of generic strategies or “outlier” questions for the purpose of the study. The initial Cronbach before recoding was 0.45 but the scale item was deleted indicating a Cronbach of 0.67. The item was not deleted but recoded and the resulting Cronbach Alpha was 0.66 which is an acceptable level of Cronbach Alpha.

Factor 3: Outliers		Disagree	Slightly Disagree	Neutral	Slightly Agree	Agree	Total Agree	Mean
24 I like to experiment with other brands as they enter the market	%	6.59	8.38	35.93	19.16	29.94	49.1	2,98
25 I feel it is easy for me to switch from one bank to another	%	23.14	11.57	22.31	26.45	16.53	42.98	2,16
26 I compare different brands before making a decision	%	1.90	2.86	21.43	28.57	45.24	73.81	3,75
27 I am a client for life	%	0.41	1.66	12.45	14.94	70.54	85.48	4,30
28 I prefer to bank across multiple brands	%	9.80	10.46	37.25	13.07	29.41	42.48	2,73
Cronbach Alpha	0.66							

Table 4.4: Outliers

- **Factor 4: Low-cost provider:** Factor 4 consisted of 3 items. However, one item loaded negatively, a closer look shows that the question when compared to the rest is negatively worded.

Factor 4: Low-cost provider		Disagree	Slightly Disagree	Neutral	Slightly Agree	Agree	Total Agree	Mean
9 Pricing is important to me	%	0	0.78	8.24	12.55	78.43	90.98	4,55
18 I require a basic bank account with low monthly fees	%	0.43	3.43	15.45	12.02	68.67	80.69	4,16
19 I require a balance between price, value, and service	%	0	0	1.13	18.05	80.83	98.87	4,75
Cronbach Alpha		0.62						

Table 4.5: Low-cost provider

- **Factor 5: Best cost strategy:** Factor 5 consisted of 3 items. Questions 13 and 14 are directly opposite of each other. This means calculating the reliability will result in a negative Cronbach alpha.

Factor 5: Best cost strategy		Disagree	Slightly Disagree	Neutral	Slightly Agree	Agree	Total Agree	Mean
10 Superior service is important to me	%	0	0	2.23	10.41	87.36	97.77	4,80
13 I prefer digital platforms to branch visits	%	0.41	0.82	12.3	14.75	71.72	86.48	4,36
14 I prefer branch visits and human interactions	%	6.63	8.43	36.14	21.69	27.11	48.80	2,96

Table 4.6: Best cost strategy

4.5. TEST OF RELIABILITY

4.5.1. Cronbach Alpha

During the research process, it is of vital importance to test validity and reliability to ensure that the data collected from sources are sound and the results obtained are accurate to satisfy the research problem (Taber, 2018). A commonly used statistical tool employed by researchers is the Cronbach alpha. The instrument is often used to demonstrate the reliability of tests assumed by researchers for purpose and validity. Contra to this is the Cronbach alpha's ability

to demonstrate inconsistencies of a test or scale. According to Taber (2018), an alpha coefficient closer to 1 indicates complete consistency while 0 indicates no consistency among the items on the scale. A score of 0.61 to 0.70 on the other hand implies acceptable reliability of the tests or scales.

To test the reliability of the instrument used to collect data, a pilot test was distributed to 10 participants. The questionnaire focused on the ordinal questions contained in the final questionnaire which resulted in the questionnaire containing 20 Likert scale questions which were analysed using SPSS software. The outcome established using SPSS resulted in a Cronbach alpha score for the pilot study was 0.761 as indicated in table 4.7.1 below. This value indicates a moderate to high level of internal consistency among the questionnaire items which is in line with the recommended acceptable alpha coefficients identified by Taber (2018). This means that items in the questionnaire are consistent in measuring the intended constructs.

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
,761	,793	20

Table 4.7.1: Reliability statistics for pilot study

Reliability Statistics		
Factor	Cronbach's Alpha	N of Items
1	0.820	5
2	0.67	4
3	0.66	5
4	0.62	3
5	-	3

Table 4.7.2: Reliability statistics for the sample

As per Table 4.7.2 above, factors 1 to 4 show acceptable levels of reliability with a Cronbach alpha >0.61 for each factor. Factor 5 on the other hand was made up of only 3 items with 2 of the 3 items being opposite to each other. This would have resulted in a negative alpha.

Apart from reliability, the validity of the questionnaire was also considered. Validity is a measure of the test construct's ability to measure the intended outcome (Sürücü and Maslakçi, 2020). While reliability ensures test-retest reliability it does not guarantee validity. To measure validity, the following measures were adopted:

- **Face validity:** This is a measure of the extent to which items measure the intended outcome at face value (Sürücü and Maslakçi, 2020). This measure looked at the questions in relation to the objective which presented evidence that the questions are designed to address the outcome. This test is subjective and therefore more tests are required.
- **Content validity:** This looks at the extent to which the measures address the construct (Sürücü and Maslakçi, 2020). This measure is similar to face validity but is focused on the balance of the test. For the purpose of the research, the banking strategies addressed a broad range of strategies that touch different banking aspects. This validity measure is also weak and subjective.
- **Criterion validity:** This measure considers how items in the research are correlated with other items which it is expected to be correlated with (Sürücü and Maslakçi, 2020). It is the extent to which people's scores on a measure are correlated with other variables (known as criteria) that one would expect them to be correlated to. In this study, we assessed this by looking at the correlations that fell within the same factor. These items are intended to measure the same construct and therefore expected to be positively correlated. The results are presented in the correlation tables below. They showed positive correlations on items within the same construct thereby confirming the validity.

Together the reliability and validity of the questionnaire enhance the credibility of the study's results ensuring that the results can be trusted for use for analysis and deduction.

4.5.2. Correlation tables

Correlations			11	12	15	16	17
Spearman's rho	11	Correlation Coefficient	1,000	,649**	,445**	,456**	,553**
		Sig. (2-tailed)	.	<,001	<,001	<,001	<,001
	12	Correlation Coefficient	,649**	1,000	,403**	,453**	,463**
		Sig. (2-tailed)	<,001	.	,002	<,001	<,001
	15	Correlation Coefficient	,445**	,403**	1,000	,645**	,385**
		Sig. (2-tailed)	<,001	,002	.	<,001	,003
	16	Correlation Coefficient	,456**	,453**	,645**	1,000	,702**
		Sig. (2-tailed)	<,001	<,001	<,001	.	<,001
17	Correlation Coefficient	,553**	,463**	,385**	,702**	1,000	
	Sig. (2-tailed)	<,001	<,001	,003	<,001	.	

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

Table 4.8.1: Correlation Table 1

Correlations			20	21	22	23	24
Spearman's rho	20	Correlation Coefficient	1,000	,456**	,368**	,225	,004
		Sig. (2-tailed)	.	<,001	,005	,095	,979
	21	Correlation Coefficient	,456**	1,000	,566**	,461**	,140
		Sig. (2-tailed)	<,001	.	<,001	<,001	,303
	22	Correlation Coefficient	,368**	,566**	1,000	,454**	,420**
		Sig. (2-tailed)	,005	<,001	.	<,001	,001
	23	Correlation Coefficient	,225	,461**	,454**	1,000	,090
		Sig. (2-tailed)	,095	<,001	<,001	.	,511
	24	Correlation Coefficient	,004	,140	,420**	,090	1,000
		Sig. (2-tailed)	,979	,303	,001	,511	.

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

Table 4.8.2: Correlation Table 2

Correlations			9	18	19
Spearman's rho	9	Correlation Coefficient	1,000	,380**	,412**
		Sig. (2-tailed)	.	,004	,002
	18	Correlation Coefficient	,380**	1,000	,406**
		Sig. (2-tailed)	,004	.	,002
	19	Correlation Coefficient	,412**	,406**	1,000
		Sig. (2-tailed)	,002	,002	.

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

Table 4.8.3: Correlation Table 3

4.6. TEST OF NORMALITY

Descriptive statistics have an important role to play in summarizing data in a meaningful way. For the data to have any kind of significance and reliability, testing for normality becomes an essential practice. A normal distribution which is commonly known as Gaussian distribution determines whether a sample is been drawn from a normally distributed population (Mishra et al., 2019). Acceptable levels of skewness to prove the normality of data should range between -1 and 1. Acceptable kurtosis, on the other hand, will range between -2 and 2 (George, 2011).

Skewness and Kurtosis are common measures for determining the normality of a sample. Skewness determines the symmetry of a sample while kurtosis is a measure of tail i.e. whether the sample is light or heavy-tailed relative to a normal distribution (Mishra et al., 2019).

Question	Skewness	Kurtosis
8	1,27	2,38
9	-1,59	1,42
10	-2,51	5,82
11	-2,11	3,34
12	-2,04	2,85
13	-1,42	1,52
14	-0,03	-0,94
15	-0,41	-0,56
16	-0,39	-1,48
17	-0,86	-0,67
18	-0,99	-0,15
19	-1,70	2,07
20	-0,69	0,31
21	-0,98	-0,14
22	-1,25	0,89
23	-2,93	8,68
24	-0,01	-0,98
25	0,75	-0,84
26	-0,75	-0,10
27	-1,32	1,01
28	0,25	-1,01
Total Avg	-0,94	1,11

Table 4.9: Skewness and Kurtosis

As per Table 4.9 above, skewness and kurtosis range between -0.94 and 1.11 respectively which are well within the acceptable range of -1 and 1 for skewness and -2 and 2 for the kurtosis

variable. This indicates that the data collected from the survey is considered to be normally distributed.

4.7. DEMOGRAPHIC RESULTS

This section summarizes the demographic results of the data collected from the study.

4.7.1. Gender distribution

The figure below highlights the gender distribution of the sample. It was found that 69.6% of the respondents were female while 30.4% were male. These results indicate that female responses outweighed male responses by a substantial margin.

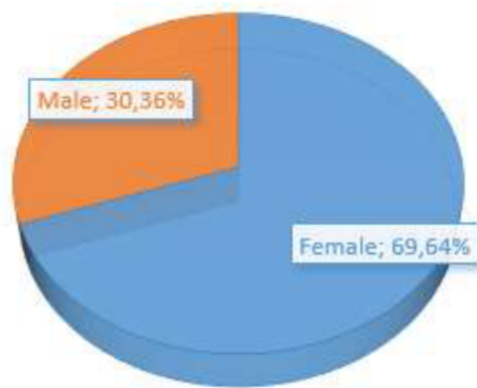


Figure 4.2: Gender distribution

Gender	Distribution
Female	39
Male	17
Grand Total	56

Table 4.10: Gender responses

4.7.2. Age and ethnicity

The sample focused on people who were over the age of 18 but under 64 to create a range of individuals who are considered economically active with the assumption being that they would require banking services the most. It was found that 46.4% of respondents ranged from 30 to 39. This information is substantial as these individuals are considered modern bank users and would have different needs to those in the higher age spectrum. Respondents aged from 18 to 29 were at 21.4% while respondents between 40 to 49 and 50 to 64 were equally split at 16.1% for each category.

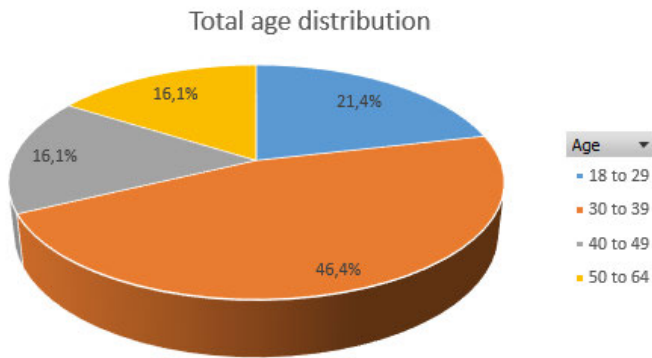


Figure 4.3: Age distribution

Ethnicity on the other hand was categorized into four main groups which include; Black, White, Indian, and Coloured. Indian respondents were the highest in the sample holding 85.7% of responses followed by Black respondents at 8.9%, Coloured at 3.6% and White at 1.8%.

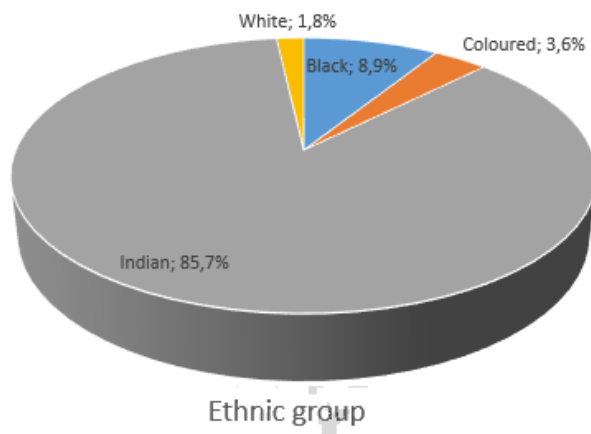


Figure 4.4: Distribution according to ethnicity

4.7.3. Employment status and experience

The questionnaire was further broken down into employment status and the number of years the respondents have been making use of banking products. It was found that 64% of respondents were employed salary earners while 13% were self-employed. Further to this, 14% of respondents were unemployed and 9% were students. It was noted that while these categories of respondents were not economically active at this time, they still needed banking products as income was derived from part-time work and/or allowances.

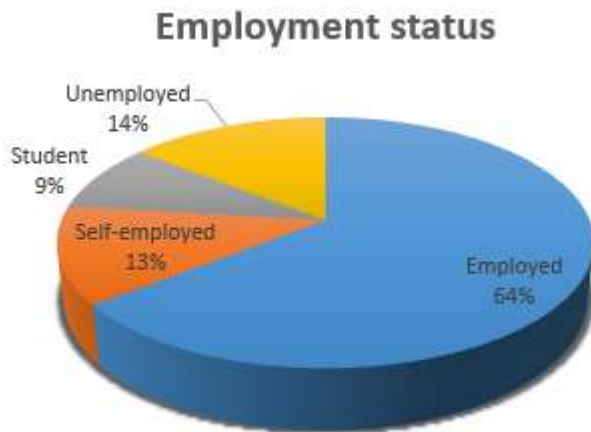


Figure 4.5: Employment status

The questionnaire also focused on the experience respondents had with using banking products. It was found that 41.1% of respondents have been using banking products for over 15 years. This information is substantial and useful as the data indicates that respondents have sufficient experience with banking products to support the validity of the study and respond to the research objectives.



Figure 4.6: Experience using banking products

The experience of respondents was further broken down and analysed according to employment status. The outcome shows 26.8% of total respondents are salary earners who have been using banking products for more than 15 years and 7.1% are self-employed using products for more than 15 years.

Experience	Employed	Self-employed	Student	Unemployed	Grand Total
10 years	19,6%	0,0%	5,4%	1,8%	26,8%
15 years	7,1%	1,8%	0,0%	1,8%	10,7%
5 years	8,9%	1,8%	1,8%	3,6%	16,1%
Less than 5 years	1,8%	1,8%	0,0%	1,8%	5,4%
More than 15 years	26,8%	7,1%	1,8%	5,4%	41,1%
Grand Total	64,3%	12,5%	8,9%	14,3%	100,0%

Table 4.11: Experience according to employment status

4.7.4. Consumer loyalty

The loyalty of bank users in the sample was tested in question 7 by identifying how many times respondents have changed from one banking brand to another over the past 3 years. It was determined that 27% of users have changed banks 1 to 2 times in the last three years. Several factors could have led to the change in brands which could have been caused by poor service experience, lack of innovation, or stiff competition in the market. What was most significant was that 68% of respondents chose their bank for life. This is important when it comes to strategy development as retention is a vital component of competitive strategies amongst brands and as a result, strategies need to strengthen retention to prevent consumers from switching to competing brands.

No. of times banks changed in the last 3 years	Distribution
1 to 2 times	27%
2 to 3 times	4%
I choose my bank for life	68%
More than 4 times	2%
Grand Total	100%

Table 4.12: Number of times banks changed in the last 3 years

4.8. CRITERIA FOR BANK SELECTION

The respondents to the questionnaire were then asked to identify the reason or criteria they would use for selecting one banking brand over another based on the options presented that would most likely resonate with them. It was identified that 44.6% of respondents look for the best value for money when selecting a bank. The second highest result 16.1% had no specific criteria for selection while only 10.7% of respondents compared brands before making a decision. Question 8 of the questionnaire broke down selection into product offered versus service received. Service is the service experienced during interactions with the brand while products are transactional, lending, investing, and insurance capabilities. 42.9% of respondents were in favour of better service received from the brand while 35.7% chose a bank based on

the quality of products offered. 17.9% of respondents selected a bank that exceeded their expectations while 3.6% were unsure. Understanding how consumers select a bank is an important management consideration as it may determine the best strategic direction for retaining market share and growing the consumer base.

Criteria for Choosing a Bank	Distribution	Criteria for Choosing a Bank	Distribution
Bank where my family/friends bank	10,7%	Better quality products	35,7%
Compare brands before deciding	10,7%	Better service	42,9%
Go for the cheapest bank	8,9%	Exceeds my expectations	17,9%
Look for a premium brand	8,9%	I'm not sure	3,6%
Look for the best value for money	44,6%	Grand Total	100,0%
No specific criteria	16,1%		
Grand Total	100,0%		

Table 4.13: Selection criteria

4.9. PORTERS GENERIC STRATEGIES

Questions 9 to 28 of the questionnaire were administered using a five-point Likert scale where respondents were required to rate their response to the question using a scale of 1 to 5 with 1 being disagree, 3 representing a neutral response and 5 representing agree. To further categorize and analyse the responses in terms of Porter's generic strategies, Table 4.14 below highlights the key used to classify the questionnaire responses and establish the mean scores.

Key	Weight
Disagree	1
Slightly disagree	2
Neutral	3
Slightly agree	4
Agree	5

Table 4.14: Key

Each question related to the five-point Likert scale was further characterized in terms of its relevance to each of the generic strategies as well as outlier questions that were included in the questionnaire and have an impact on generic strategies. For this, statistical factor extraction was adopted as indicated by Table 4.1 above.

4.9.1. Analysis of factors

4.9.1.1. Low-cost leadership

Table 4.15 below highlights the importance of pricing according to the requirements of bank consumers and current trends in the market. The results indicate that pricing is an important factor when it comes to brand selection. It is noted that the mean scores of 4.55 and 4.16 for

pricing importance and banking with low fees demonstrate that most respondents in the sample are still very price-sensitive when it comes to banking. Question 19 delivered a mean result of 4.75 indicating that while pricing is an important factor when selecting a bank, consumers require a balanced product that is price sensitive but has a degree of value for consumers. The precursor is that pricing remains a relevant factor in the future of the banking sector.

Low cost leadership				
Number	Question	Mean	Std. Deviation	Responses
9	Pricing is important	4,55	0,78	56
18	Basic banking with low fees	4,16	1,11	56
19	Balance product/service	4,75	0,48	56

Table 4.15: Low-cost responses

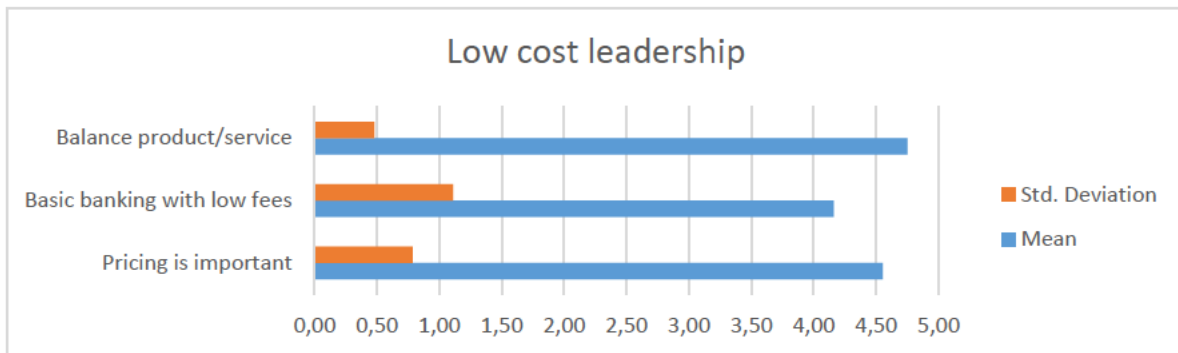


Figure 4.7: low-cost frequency

4.9.1.2. Differentiation

It has been documented that retail banks in South Africa are very much a service-related business and as a result, most consumers are motivated and driven by the service they receive from the bank. This could be the physical service received in a branch or the service received when interacting with the brand. While service is still a fundamental part of the industry, the change in consumer behavior has led to consumers wanting more from their banks. The study has shown that consumers require banks to be more than just banks by providing a myriad of innovative and cutting-edge solutions while making use of alternative banking channels such as digital platforms. Tailor-made and innovative products have become a requirement according to the sample. This is represented by mean scores of 4.73, 4.71, 4.20 and 4.32 respectively. Question 15 derived a mean score of 3.93 indicating that consumers require tailor-made solutions rather than a standardized product, however, Table 4.17 above suggests that a balance between price and value is necessary with a mean score of 4.75. The responses under differentiation strategies show that the tastes and preferences of consumers within this market are becoming dynamic and that consumers are looking for banks that supply products that are

unique and unconventional with the ability to satisfy multiple needs which is represented by a mean score of 4.32.

Differentiation				
Number	Question	Mean	Std. Deviation	Responses
11	More then a bank	4,73	0,59	56
12	Innovative solutions	4,71	0,62	56
15	Tailor made solutions	3,93	1,01	56
16	Personalized service	4,20	0,84	56
17	Multiple products	4,32	0,88	56

Table 4.16: Differentiation strategies

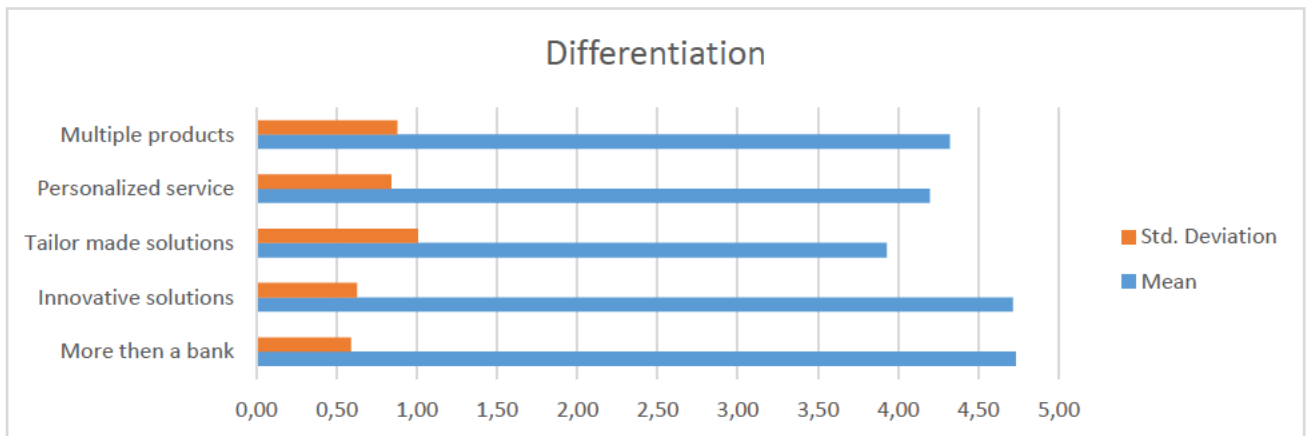


Figure 4.8: Differentiation frequency

4.9.1.3. Focused strategies

Exponential growth in the banking market has led to competition being at its most optimal level. Focused strategies identify specific areas of focus in strategy development which may lead to market growth. Table 4.17 below highlights areas of significance identified by the researcher that managers may find appealing in achieving a competitive advantage. Convenience and efficiency produced the highest mean average of 4.86 and a standard deviation of 0.4. The indication is that consumers are willing to align with the brand that delivers the most convenient method of banking. The results indicate that a focused differentiation strategy that produces a product that is both efficient and convenient produces a positive result. While an argument can be made in favour of value over cost, the results also indicate that the average respondent is unconvinced when it comes to paying a premium for personalized products or tailor-made/customized solutions as pricing is still considered a critical component in this market as determined by a mean score of 3.93 per sub-category and standard deviation 1.02. This result favours a focused low-cost strategy as this segment of banking consumers favours a well-priced product. Given the right circumstances, banks that

target specific segments of the market may enjoy a degree of success as opposed to trying to service every consumer in every segment.

Focused Strategies				
Number	Question	Mean	Std. Deviation	Responses
20	Value over cost	3,93	1,02	56
21	Value added products	4,50	0,66	56
22	Reward motivation	4,14	1,15	56
23	Convenience and efficiency	4,86	0,40	56

Table 4.17: Focused strategies



Figure 4.9: Focused frequencies

4.9.1.4. Best cost strategies

The theoretical concept behind the best cost strategy is to maximize the competitiveness of the bank by implementing a strategy that lies in the middle of both low-cost and differentiated strategies. Implementation harnesses the strengths of the two strategies to maximize growth capabilities and potential. The results indicate that consumer's needs are shifting toward digital banking while the service received through brand interaction remains prevalent. This is represented by a mean score of 4.36 and 4.80 respectively. Conventional branch banking which may have been popular in the past has generated the opposite result with a mean score of 2.96 as represented in table 4.18 below. This result highlights the shift in consumer behavior. Having a product that is well balanced in line with its value and price has been well received by the sample with a strong mean score of 4.75 (indicated by Table 4.17 above) which supports the results of a best-cost strategy. A standard deviation of 0.48 shows that the sentiment aligned very closely with the mean score of the sample.

Best Cost Strategies				
Number	Question	Mean	Std. Deviation	Responses
10	Superior service is important	4,80	0,48	56
13	Digital platform preference	4,36	0,96	56
14	Branch visit preference	2,96	1,32	56

Table 4.18: Best cost strategies

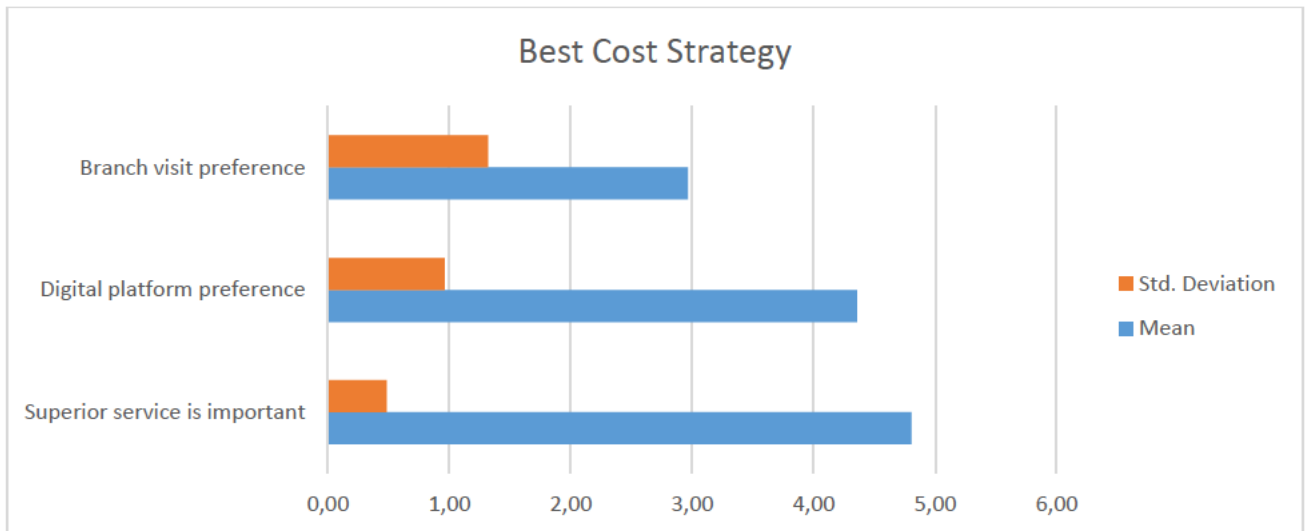


Figure 4.10: Best cost frequency

4.9.1.5. Outlier questions

Questions 24 to 28 of the questionnaire focused on drawing specific data about the sample's experience with bank-related products outside of Porter's generic strategies. These questions focused specifically on the forces highlighted by Porter and are geared toward the sample's willingness to experiment with new market entrants, the bargaining power of buyers, and the ease of switching from one bank to another. Outlier questions also determined whether consumers conduct research before selecting a bank as well as the preference of consumers to bank across multiple banks. These forces contribute significantly to the overall success of generic strategies as established by Ondiek (2016).

The results have shown that respondents are particularly neutral when it comes to experimenting with new market entrants with a mean score of 2.98 and a standard deviation of 1.34 as indicated by Table 4.19 below. According to the results, Table 4.19 shows that 35.9% of respondents had a neutral response to experimenting with new market entrants. While the threat of new market entrants is considered valid, the data shows that it would take time for new entrants to grow within the market and gain a competitive advantage. However, the purpose of this study is to determine the relevance of Porter's generic strategies in achieving a

competitive advantage which may have real-world applications within the retail banking market. The results suggest that the forces identified by Porter are established as some of the factors that influence the application of generic strategies. The highest mean score of 4.30 indicated that once a consumer settles for a bank, they become entrenched and are a client for life. The result corresponds with the results identified in Table 4.12 above. As new entrants come into the market, more consumers are starting to compare brands before making a decision. The results show that 45.2% of respondents compare brands before deciding on which bank to select (Table 4.21). The lowest mean scores of 2.16 and 2.73 indicate that switching from one bank to another is a difficult task once consumers are entrenched and that banking across multiple banks is not optimal at this stage.

Outlier question				
Number	Question	Mean	Std. Deviation	Responses
24	Experiment with new market entrants	2,98	1,34	56
25	Ease of switching from one bank to another	2,16	1,37	56
26	Comparing brands before deciding	3,75	1,19	56
27	Client for life	4,30	1,01	56
28	Preference to being multi-banked	2,73	1,38	56

Table 4.19: Outlier questions

Experimenting with new brands	Distribution
1	6,6%
2	8,4%
3	35,9%
	19,2%
5	29,9%
Grand Total	100,0%

Table 4.20: Experimenting with new brands

Comparing of brands	Distribution
1	1,9%
2	2,9%
3	21,4%
4	28,6%
5	45,2%
Grand Total	100,0%

Table 4.21: brand research

4.10. CORRELATION OF GENERIC STRATEGIES

The correlation coefficient was used during the analysis of data to determine the relationship between the variables. The dependent variable during the analysis was based on consumer selection of their bank which results in market growth versus the generic strategies as laid out

by Porter which were the independent variables. The Likert scale questions were categorized in terms of Table 4.1 above and correlations were determined for each question. Thereafter an average correlation coefficient was established as per Table 4.22 below.

The results show that there is a positive correlation between the implementation of Porter's generic strategies and how consumers within the market select a bank. However, some strategies seem to resonate more with consumers than others. Differentiation and focused strategies both produced the highest correlation of +0.22 which indicates a positive relationship between the variables. The findings are consistent with the findings of both Gakumo (2006) and Ogutu and Nyatichi (2012) who have each reported the highest results in the implementation of focused strategies. More specifically, focused differentiation in the areas of both retail and commercial banking. The results suggest that within the realm of retail banking, a differentiated product is one that consumers respond to when selecting a bank.

Low-cost strategies also show a positive correlation of +0.08, reaffirming that pricing is still a major factor in strategy development. While a positive correlation exists, the implementation of low-cost strategies did not yield the most substantial results which is consistent with the findings of Ogutu and Nyatichi (2012). The implementation of low-cost strategies as an independent strategy in retail banking is not enough to secure a competitive advantage as established by Ogutu and Nyatichi (2012).

Best-cost strategies achieved the lowest correlation of +0.06 amongst the other generic strategies, however, a positive correlation was achieved. The overall correlation between consumer selection of banks and the implementation of generic strategies was +0.14. The result indicates that the implementation of generic strategies does hold relevance in retail banking and supports an improved competitive position, which is consistent with the findings of Ondiek (2016), Ogutu and Nyatichi (2012), and Gakumo (2006).

Questions	Correlation of Generic Strategies				Overall correlation
	Low cost	Differentiation	Focused Strategies	Best cost	
	-0,02	0,06	0,24	0,01	
	0,26	0,21	0,30	-0,13	
	0,00	0,29	0,21	0,29	
		0,39	0,12		
		0,16			
Correlation	0,08	0,22	0,22	0,06	0,14

Table 4.22: correlation of generic strategies

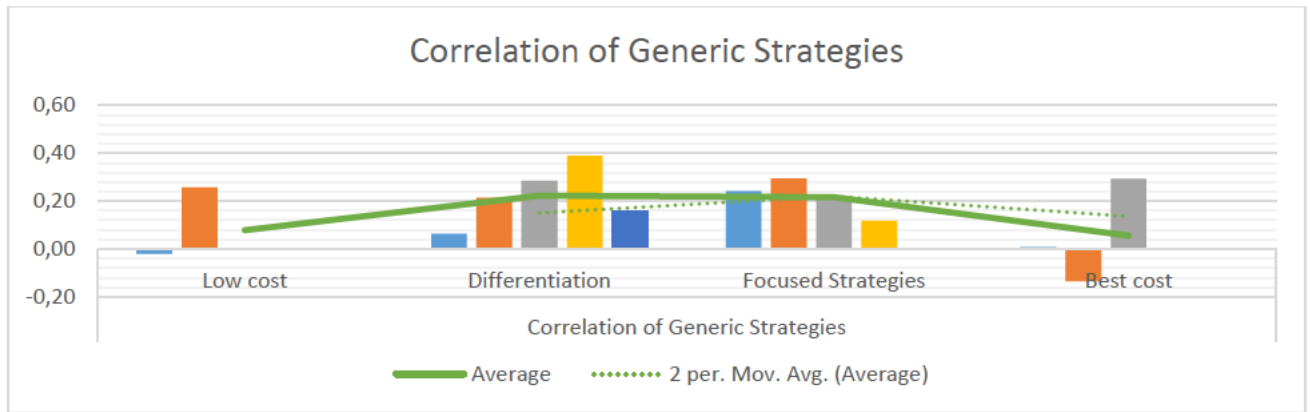


Figure 4.11: Frequency of correlation

4.11. HYPOTHESIS TESTING

Hypothesis testing is a common practice in statistics as it determines whether the observation of a phenomenon is likely to have occurred based on the data collected which is used to support decision-making (Anderson et al., 2000). Before testing can occur, two hypotheses or possibilities are established. These include a null hypothesis and an alternate hypothesis. A null hypothesis establishes that there is no significant difference between the observation and the phenomena and an alternate hypothesis establishes that the theory in question was correct (Anderson et al., 2000).

For the purposes of this study, hypothesis testing was conducted using two different techniques. The first technique tested for independence and was conducted using the Fisher-Freeman-Halton exact test which is an inferential statistic that measures the independence of variables in smaller sample sets (Kanyongo and Ezugwu, 2023). The second statistical test used in this study to evaluate the hypothesis was the Kolmogorov-Smirnov test (K-S test) which is a non-parametric test suited to sample sizes greater than 50 (Steinskog et al., 2007).

4.11.1. Test for Independence

To further analyse the results we can test the independence of the responses by demographic characteristics. This can be done using the Chi-square test. Based on the sample size, the chi-square test will not be ideal as it requires to have at least 5 counts in each cell of the contingency table. For this reason, we make use of the Fisher-Freeman-Halton exact test which is a more robust test for independence/association. The Fisher's exact test is strongly suited to studies where the sample is smaller (Kanyongo and Ezugwu, 2023). The results of this test provide greater accuracy in results in comparison to chi-square test. According to Perezgonzalez (2015), the Fisher-Freeman-Halton test is capable of identifying research results of interest that

have a low probability of occurring as a random variable of the established null hypothesis. The established results that produce a low *p-value* can be taken as evidence to reject the null hypothesis and accept the alternate hypothesis (Perezgonzalez, 2015).

The hypothesis for this test is defined as follows:

H0: There is no association between the two categorical variables/ the two variables are independent.

H1: There is an association between the two categorical variables/ the two variables are dependent.

Gender	Test Value	P-value	Significant
9 Pricing is important to me	3.168	0.350	No
10 Superior service is important to me	1.431	0.570	No
11 I need my bank to be more than just a bank	0.208	1.00	No
12 I require innovative solutions from my bank	2.465	0.367	No
13 I prefer digital platforms to branch visits	1.131	1.00	No
14 I prefer branch visits and human interactions	5.346	0.252	No
15 I require tailor-made solutions	1.155	1.00	No
16 I require personalized service	2.961	0.228	No
17 I require multiple products to choose from	1.928	0.702	No
18 I require a basic bank account with low monthly fees	4.748	0.288	No
19 I require a balance between price, value, and service	0.589	1.00	No
20 I prioritize value over cost	0.722	1.00	No
21 Value-added services are important to me	0.490	1.00	No
22 Rewards help me make decisions	2.877	0.611	No
23 Convenience and efficiency are important to me	0.618	1.00	No
24 I like to experiment with other brands as they enter the market	4.275	0.381	No
25 I feel it is easy for me to switch from one bank to another	2.556	0.668	No
26 I compare different brands before making a decision	4.082	0.385	No
27 I am a client for life	6.576	0.125	No
28 I prefer to bank across multiple brands	2.398	0.718	No

Table 4.23: Test for independence: Gender

From the table above it can be seen that the p-value for all questions is greater than 0.05 which means that for all questions the responses are independent of gender at a 5 % level of significance. As a result, the null hypothesis H0 is accepted which is consistent with the

findings of Nazari et al (2022). The alternate hypothesis H1 is rejected as response rates are independent of gender.

Age	Test Value	P-value	Significant
9 Pricing is important to me	11.632	0.133	No
10 Superior service is important to me	7.862	0.125	No
11 I need my bank to be more than just a bank	3.673	0.783	No
12 I require innovative solutions from my bank	2.619	0.940	No
13 I prefer digital platforms to branch visits	20.705	0.010	Yes
14 I prefer branch visits and human interactions	14.962	1.68	No
15 I require tailor-made solutions	12.256	0.421	No
16 I require personalized service	7.324	0.287	No
17 I require multiple products to choose from	12.007	0.151	No
18 I require a basic bank account with low monthly fees	6.707	0.959	No
19 I require a balance between price, value, and service	5.010	0.640	No
20 I prioritize value over cost	3.928	0.966	No
21 Value-added services are important to me	3.949	0.701	No
22 Rewards help me make decisions	11.410	0.456	No
23 Convenience and efficiency are important to me	5.236	0.620	No
24 I like to experiment with other brands as they enter the market	7.467	0.867	No
25 I feel it is easy for me to switch from one bank to another	7.507	0.862	No
26 I compare different brands before making a decision	10.915	0.472	No
27 I am a client for life	14.982	0.127	No
28 I prefer to bank across multiple brands	5.505	0.973	No

Table 4.24: Test for independence- Age

Similar to gender, age had an insignificant impact on the responses of respondents. The only exception was for the question: I prefer digital platforms to branch visits which was significant at the 5% level. This means that the responses were dependent on one's age. The result of this response rejects the null hypothesis (H0) of independence amongst variables and accepts the alternate hypothesis (H1) as the variables are dependent. The contingency table is presented in Table 4.25 below for further analysis.

		13. I prefer digital platforms to branch visits					Total
		Disagree	S Disagree	Neutral	S Agree	Agree	
18 to 29	Count	0	0	5	2	5	12
	% within Age	0,0%	0,0%	41,7%	16,7%	41,7%	100,0%
30 to 39	Count	0	1	0	6	19	26
	% within Age	0,0%	3,8%	0,0%	23,1%	73,1%	100,0%
40 to 49	Count	1	0	2	0	6	9
	% within Age	11,1%	0,0%	22,2%	0,0%	66,7%	100,0%
50 to 64	Count	0	0	3	1	5	9
	% within Age	0,0%	0,0%	33,3%	11,1%	55,6%	100,0%
Total	Count	1	1	10	9	35	56
	% within Age	1,8%	1,8%	17,9%	16,1%	62,5%	100,0%

Table 4.25: Contingency table

The 30-39 age group is the modal group. 73.1% agreed, while 66.7% for 40-49, and 55.6% for the 50-64. The least in agreement was the 41.7% which is the 18-29 group. This is surprising as one would have suspected this group to be tech-savvy and the ones likely to embrace digital platforms. The adoption of digital banking and the results established is consistent with the results highlighted by Musyaffi et al (2022) in that age has a significant impact on the adoption of digital platforms.

	Test Value	P-value	Significant
<i>Employment Status</i>			
9 Pricing is important to me	7.358	0.659	No
10 Superior service is important to me	4.866	0.531	No
11 I need my bank to be more than just a bank	5.830	0.361	No
12 I require innovative solutions from my bank	5.177	0.409	No
13 I prefer digital platforms to branch visits	12.385	0.468	No
14 I prefer branch visits and human interactions	11.471	0.380	No
15 I require tailor-made solutions	11.904	0.565	No
16 I require personalized service	10.284	0.071	Yes at 10%
17 I require multiple products to choose from	13.293	0.092	Yes at 10%
18 I require a basic bank account with low monthly fees	14.439	0.170	No
19 I require a balance between price, value, and service	9.011	0.136	No
20 I prioritize value over cost	10.041	0.298	No
21 Value-added services are important to me	4.399	0.596	No
22 Rewards help me make decisions	16.471	0.088	Yes at 10%
23 Convenience and efficiency are important to me	7.122	0.299	No
24 I like to experiment with other brands as they enter the market	16.889	0.048	Yes
25 I feel it is easy for me to switch from one bank to another	4.748	0.996	No
26 I compare different brands before making a decision	12.912	0.256	No
27 I am a client for life	12.290	0.395	No
28 I prefer to bank across multiple brands	10.897	0.442	No

Table 4.26: Test for independence- Employment status

Just like other variables considered the majority of the question responses were independent of the employment status except for question 24 which was significant at a 5% level and questions 16, 17, and 22 which were significant at a 10% level. At a 10% level of significance the responses to “I require personalized service”, “I require multiple products to choose from” and “Rewards help me make decisions” were dependent on one’s employment status. The response to “I like to experiment with other brands as they enter the market” was significant at a 5% level. This means that there is an association between the response given and one’s employment status. As a result, H1 is accepted as an association between variables. H0 which states that the relationship amongst variables is independent is rejected. The consistency of association is in line with the findings of Bii and Mwasiagi (2023). The results are further analysed based on the contingency table below.

		24. I like to experiment with other brands as they enter the market					Total
		1,00	2,00	3,00	4,00	5,00	
Employed	Count	6	4	15	4	7	36
	% within employment status	16,7%	11,1%	41,7%	11,1%	19,4%	100,0%
Self-employed	Count	1	0	2	1	3	7
	% within employment status	14,3%	0,0%	28,6%	14,3%	42,9%	100,0%
Student	Count	2	3	0	0	0	5
	% within employment status	40,0%	60,0%	0,0%	0,0%	0,0%	100,0%
Unemployed	Count	2	0	3	3	0	8
	% within employment status	25,0%	0,0%	37,5%	37,5%	0,0%	100,0%
	Count	11	7	20	8	10	56
	% within employment status	19,6%	12,5%	35,7%	14,3%	17,9%	100,0%

Table 4.27: Contingency table

From Table 4.27 above, only the employed and the self-employed have agreed that they would experiment with other brands on the market. The students do not agree or slightly agree with all of them either disagreeing or slightly disagreeing. The unemployed had a score of 37.5% slightly agree and an equal percentage being neutral with the last quarter disagreeing.

4.11.2. Kolmogorov-Smirnov test

The second statistical test used in this study to evaluate the hypothesis was the Kolmogorov-Smirnov test (K-S test). The K-S test is a non-parametric test that allows the researcher to compare the data collected with a known distribution to establish if the distribution would be the same (Steinskog et al., 2007). At times K-S tests are referred to as the goodness-to-fit test and are best suited to samples greater than 50. The K-S test does not assume any underlining distribution and is often at times used as a measure of normality.

Hypothesis established for this test:

H0- there is no difference between the implementation of generic competitive strategies and the consumer selection of a retail bank.

H1- there is a significant difference between the implementation of generic competitive strategies and the consumer selection of a retail bank.

<i>Kolmogorov-Smirnov test</i>					
Question	Mean	Std deviation	G=(Rank-1)/n	F= Normal dis	Difference (G-f)
1	2,27	0,98	0,00	0,10	0,0982
2	1,70	0,46	0,02	0,07	0,0488
3	2,84	0,63	0,04	0,00	-0,0341
4	1,66	1,01	0,05	0,26	0,2038
5	3,66	1,31	0,07	0,02	-0,0502
6	3,79	1,49	0,09	0,03	-0,0589
7	3,11	1,34	0,11	0,06	-0,0487
8	1,93	0,93	0,13	0,16	0,0344
9	4,55	0,78	0,14	0,00	-0,1423
10	4,80	0,48	0,16	0,00	-0,1606
11	4,73	0,59	0,18	0,00	-0,1770
12	4,71	0,62	0,20	0,00	-0,1934
13	4,36	0,96	0,21	0,00	-0,2140
14	2,96	1,32	0,23	0,07	-0,1637
15	3,93	1,01	0,25	0,00	-0,2482
16	4,20	0,84	0,27	0,08	-0,1906
17	4,32	0,88	0,29	0,00	-0,2817
18	4,16	1,11	0,30	0,00	-0,3014
19	4,75	0,48	0,32	0,00	-0,3213
20	3,93	1,02	0,34	0,00	-0,3372
21	4,50	0,66	0,36	0,01	-0,3456
22	4,14	1,15	0,38	0,00	-0,3718
23	4,86	0,40	0,39	0,00	-0,3929
24	2,98	1,34	0,41	0,07	-0,3409
25	2,16	1,37	0,43	0,20	-0,2298
26	3,75	1,19	0,45	0,01	-0,4358
27	4,30	1,01	0,46	0,00	-0,4638
28	2,73	1,38	0,48	0,10	-0,3772
D Value- KS Test statistic	0,2038	<i>If D > D Alpha: Reject the null hypothesis</i>			
D Alpha- KS Critical value	0,1817				

Table 4.28: K-S test

The table above establishes the variable of the K-S test statistic (*D* value) as 0.2038 and the K-S critical value (*D* alpha) is 0.1817. If the *D* value is <0.05 (acceptable level of significance) then the distribution is said to deviate from the normal distribution. *D* alpha was determined using the critical value table (appendix 6). However, the value of *n* (sample) was 56 which was above the population limit of 40 as per the critical value table. Therefore *D* alpha was determined using the formula below:

$$D_{\alpha} = \frac{1.36}{\sqrt{n}} = \frac{1.36}{\sqrt{56}} = 0.1817$$

Since the calculated D value of 0.2038 is greater than the critical D value of 0.1817, the null hypothesis (H_0) of no significant difference between the implementation of Porter's generic strategies and consumer selection of a retail bank according to respondents is rejected. It is evident that there is a difference between the implementation of Porter's generic strategies and consumer selection of a retail bank according to the perception of respondents. Therefore the alternate hypothesis (H_1) is accepted. The results are consistent with the hypothesis established by Odwaro et al (2022) that a positive relationship exists between the implementation of generic strategies and the performance of commercial banks. The D value of 0.2038 is greater than 0.05 which also indicates that the distribution of data is considered normally distributed and acceptable which is consistent with the skewness and kurtosis established in table 4.9.

4.12. CHAPTER SUMMARY

The highlighted areas of the chapter revolved around the collection, analysis, and presentation of data directed at the research questions and objectives of the study. The data and information collected were analysed and portrayed using charts, tables, and figures. A myriad of descriptive statistics were used to analyse the data collected and correlation coefficients were used to illustrate the relationships that exist between the variables.

Various explanations have been given for the data collected and the results of the analysis thereof. The hypothesis established during the study was also tested in the chapter to determine whether the null hypothesis would be accepted or rejected. Testing was done using the Kolmogorov-Smirnov test which is an acceptable test for samples above 50. The Fisher-Freeman-Halton exact test was also used as a hypothesis testing tool as well as the measurement of dependence/independence amongst variables. The last chapter will conclude the study by discussing the results, concluding, and making recommendations vis-à-vis the research objectives.

CHAPTER FIVE

RECOMMENDATIONS AND CONCLUSION

5.1. INTRODUCTION

The purpose of this chapter is to discuss the overall findings of the study vis-à-vis the research questions and objectives. The results of the data analysis will be summarized and conclusions will be drawn to give recommendations to managers on the effectiveness of implementing Porter's generic strategies to achieve a competitive advantage within the retail banking sector of South Africa.

5.2. SUMMARY

The main purpose of the study was to examine the effectiveness of implementing Porter's generic strategies within the retail banking sector of South Africa. The three research questions that guided the scope of the study were;

- What factors influence consumer response to generic competitive strategies implemented by retail banks in South Africa?
- Which of the generic strategies resonates more with consumers when selecting a bank?
- Which generic competitive strategy or combination of strategies is better suited to retail banking in South Africa?

The overall study was guided by these three fundamental questions. The research process began by taking an in-depth look at Porter's generic strategies and their relevance in achieving a competitive advantage within the retail banking market of South Africa. Upon closely examining the current landscape of the South African retail banking market, it was identified that the competitive environment has become dynamic and has undergone exceptional change over the last few years. The needs of consumers are rapidly changing which has led to an increase in competition amongst banks within the segment. New market entrants are becoming more established which has resulted in existing banks losing market share.

The research established that for banks to survive and appropriately satisfy the needs of the consumer base, strategic development needs to take place to achieve a competitive advantage. It was noted that many of the existing banks in the industry had a long-standing history in the market and held a high percentage of the market share, however, in a post-pandemic setting,

change management has to take place to maintain this competitive position over the long term. As the needs of consumers change, managers need to identify what drives consumer behavior and ingrain those factors into new strategy development to grow within the market. Understanding these critical components gave the researcher a strong foundation in establishing the needs of the market versus the needs of the bank. These key pointers were used to drive the direction of the study towards better understanding Porter's generic strategies and their effectiveness in improving the competitive position of the bank. This helped in compiling reliable and accurate data to satisfy the research questions and problem.

The study further undertook to review available literature and concepts to support the use of generic strategies within the banking industry as well as analysis of the current banking market. The literature suggests that it is important that banks conduct both an internal and external environmental analysis to identify key areas of change. This has become necessary due to the changing needs of consumers and the increase in competition within the market. The research that was conducted sought to understand the importance of achieving a competitive advantage by understanding what factors drive consumer behavior within the market. The key understanding of what drives consumers to select one brand over another. The research further sought to understand the role of implementing generic strategies within this market and the relationship and impact it would have in driving consumer behavior in the selection of a bank.

Data collection was the next step in the research process where questionnaires were distributed via Microsoft Forms links and analysed using descriptive statistics on Microsoft Excel and statistical software SPSS. The use of a quantitative study was deemed most appropriate for this study. The questionnaire was distributed to the residents of MD Singh Heights in the Raisethorpe area in Pietermaritzburg where 56 responses were received. This made up the sample for the study which supports the use of non-probability sampling. Upon completion of data collection and analysis, the research questions were fully satisfied.

5.3. KEY FINDINGS

The study has produced favorable results in that the findings suggest that the implementation of generic strategies within the banking industry does merit a response by consumers within the market thereby leading to a competitive advantage and improved position for the bank. While there is an argument over which strategy best suits the market, there is no blanket approach to success. Each of the generic strategies has the potential to transform the bank and grow market share, however, there is a need to match the correct strategy or combination of

strategies to the goals of the bank as well as the availability of resources for implementation. As tangible and intangible resources are unique to each individual institution, the resource-based view (RBV) theory suggests that the pooling of resources should be done in line with the needs of the institution. This may include the implementation of a low-cost, differentiation, focused or best-cost strategy. These critical findings also align with the conditions of the dynamic capability theory (DCT) in that it becomes necessary for the institution to focus on internal capabilities with changes in the external market to remain competitive. This result is consistent with the recommendation made by Ondiek (2016) and Muithya and Muathe (2020). Broad differentiation and focused strategies yielded the highest correlation result of +0.22 which indicated that consumers were likely to respond or select a bank that offered a more focused and differentiated product line. Gatimu and Amuhaya (2022) in their research achieved a similar result in that differentiation strategies produce the highest results among the generic strategies. This result indicated that a retail bank that implements a focused strategy by directing its resources and energies toward a specific segment of the market rather than trying to service the entire market as a whole is likely to transform its overall competitive position. This result is also in line with both RBV and DCT as documented by Odwaro et al (2022) and Muithya and Muathe, (2020). Institutions that respond to changing markets are more likely to outperform those that are static. The focus of the bank should be to provide an offering that is unique and differentiated to meet the needs of consumers. The modern banking market shows that more consumers are becoming increasingly familiar with alternate banking brands and comparing products before making a decision. This supports the result that consumers now have specific needs and a differentiated product that satisfies these needs is likely to receive a response from consumers. This will essentially improve the overall growth of the bank and result in a competitive advantage.

The low-cost leadership approach has delivered positive results with a correlation of +0.08 which suggests that consumers within the market are considered highly price-sensitive and are likely to respond to banks that offer a cost-effective solution. The implementation of a low-cost strategy has the potential to improve the overall competitiveness of the bank and lead to overall growth within the market. This result was consistent with the findings of Gatimu and Amuhaya (2022) who identified that consumers in this market are likely to respond to low-cost strategies to improve organisational performance. The implementation of a broad low-cost strategy or a narrow low-cost strategy has the potential to deliver positive growth for the bank within the current competitive climate. On the other hand, there is an argument to be made

which suggests that the price sensitivity of consumers should not overshadow the value that is required from the bank. The banking industry is considered to be highly service related and initiating a low-cost strategy would differ significantly as opposed to initiating the same strategy in a different industry.

As stated by Bii and Mwasiagi (2023), low-cost strategies should be implemented with great caution as there is a requirement for capital investment and cost-cutting which is not always sustainable over the long term. As a result, banks are required to leverage available technologies to drive down the cost of products and services available. This statement is supported by a mean score of 2.96 which indicates that more consumers are moving away from traditional branch visits and human interactions to alternative digital platforms. The benefit is that driving down costs within branches in favor of self-service channels creates effective cost control and improved use of resources which supports the requirements of a low-cost strategy.

Based on the results of the data analysis, the implementation of a broad differentiation strategy where banks are offering premium, high-value products, and unique services to consumers can generate positive growth with a correlation of +0.22. The highest mean was produced by the differentiation strategy which is in line with the results of Gatimu and Amuhaya, (2022) and Wanjogo and Muathe, (2022). However, it is noted that the current landscape within South Africa shows that most consumers are fairly price sensitive and a differentiated product may only appeal to a small percentage of consumers. As such, a narrow differentiation or focused differentiation strategy is more favorable for achieving growth and establishing a competitive advantage. It should be noted that a purely differentiated service offering can be a costly task for a bank that emphasizes the importance of internal cost control and resource availability. The increase in competition is also a point of contention when it comes to pure differentiation as consumers have a myriad of choices when it comes to banking brands. As a result, managers need to create the right marketing mix for the right segment of interest to generate the desired results.

The best-cost provider strategy has produced the lowest correlation among the other strategies with a result of +0.06. While this may have produced the lowest correlation, it should be considered that the growth potential for banks that have balanced products is at its highest level given the current banking climate. 44.6% of total respondents look for banks that have the best value for money and choose the bank that offers the best quality products and services with a response rate of 35.7% and 42.9% respectively. This result supports the implementation of a

strategy that delivers a balanced product to the market that satisfies consumer's need for cost and value perspectives.

5.4. RECOMMENDATIONS

While it is noted that competition in the market is on an upward trajectory, the adoption of an appropriate strategy should match the environment that the bank operates in as well as the goals and objectives of the organisation. Some banks may find success in targeting markets that they previously ignored while others may deliver added value or revised pricing to existing products to remain competitive. It is important to implement generic strategies in line with available resources within the bank as this will determine the success of strategy implementation. The resource-based view theory supports this statement as it becomes necessary for management to properly manage internal resources and competencies adequately to improve organisational performance and maintain a competitive advantage. The resource factor may also allow banks to implement multiple strategies or a combination of strategies simultaneously to yield the best results which was also concluded by Gakumo (2006) and Ondiek (2016). The dynamic capability theory extends the internal organisational view outside of the organisation to take recognition of current market trends, activities and behaviours to guide sound business decisions. This point was also highlighted by Estensoro et al, (2022). Porter's generic strategies each show merit for achieving a competitive advantage however the choice of strategy will ultimately depend on the individual bank's goals, objectives, and availability of resources to implement new strategies. The results of the study suggest that superior performance can be realized by pursuing appropriate competitive practices associated with a specific generic strategy. This point echoes the findings of Gatimu and Amuhaya (2022).

Low-cost strategies have been shown to produce significant results, however, retail banks of varying sizes may have different requirements. Many consumers in the market are looking for additional value from their bank which means that initiating a purely low-cost strategy may not produce the desired results.

On the other hand, a purely differentiated strategy or a focused strategy can lead to significant growth in a niche market as determined by the research results but may be a costly affair, especially for smaller institutions. Differentiated products will involve tying up scarce resources into projects directed toward a specific target market which is not always optimal as environmental forces are not always controllable. Therefore, a balance should be struck which allows the bank to harmonize the benefits of different strategies to maximize the potential for

market growth. For this reason, the best-cost strategy may yield the uppermost benefits among Porter's generic strategies according to the theoretical information gathered, however, statistical results of the study suggest otherwise with the lowest correlation of 0.06. The response received from consumers supports this recommendation as most respondents in the sample require a balanced product that is both price-sensitive and capable of offering embedded value to the consumer. The implementation of a generic strategy or combination of strategies is not a permanent approach and will need to be continuously revised to meet changing market conditions and the goals of the institution.

An important factor determined by the study was that many consumers choose their banks for life as represented by a 68% response rate and a mean score of 4.30. This information is substantial as it suggests that once a bank has fully entrenched a consumer and satisfies their needs through various changes in their life stages, the consumer is likely to stay with the bank and not revert to competitive brands which supports company-wide retention strategies. As a result, it is shown that the implementation of Porter's generic strategies does have widespread application within the context of the South African retail banking market and may indeed lead to an established competitive advantage.

5.5. STUDY LIMITATIONS

Due to limited resources and time constraints, the researcher focused on retail banks within the area of Pietermaritzburg, more specifically, residents of the MD Singh Heights building in the Raisethorpe area. The results of the study was used to make a general assumption across the market. The COVID-19 pandemic and restrictions also made it difficult to conduct live interviews and experiments due to the high risk of contraction. The third limitation was making an assumption based on Porter's generic strategies in isolation as other strategies may be applicable. Some of the results can be considered compromised as the primary focus is on retail banks in South Africa. There are also time and cost constraints that exist in getting the necessary gatekeeper permission from different banking institutions in the area thereby limiting the reach of the study to a convenient sample of 56 respondents out of a total sample of 68 individuals. The use of convenient sampling is usually less scientific and may not always be applicable to the broader population. A greater sample size would allow a greater assumption of the overall population as the banking population of South Africa contains more than 55 million users with different need requirements and product experience. Usually, a sample size of at least 100 participants is deemed appropriate for quantitative research. Lastly, the use of

non-probability sampling may include a degree of survey bias due to the deliberate selection of the sample. As a result, the collection of data may be skewed and/or compromised.

5.6. RECOMMENDATIONS FOR FURTHER STUDY

As stated in the introduction, the retail banking market is dynamic and is continuously changing with the needs of consumers. The application of Porter's generic strategies does show validity in the modern banking environment, however, research should be carried out on more modern strategies and concepts that are capable of achieving a competitive advantage. Studies should also be carried out in other areas of the banking market which may include commercial, investment, and corporate banking. Many banks are also starting to develop a footprint in other markets such as long and short-term insurance. As such, there is room to investigate whether these generic strategies are capable of gaining traction in these new markets. It is recommended to identify the long-term benefits of implementing Porter's generic strategies and their effectiveness in holding a competitive advantage. It is also noted that research should be conducted using a larger sample, in excess of 100 participants, to collect data that is more applicable to the broader sample. In particular, probability sampling may produce results that are absent of any research bias which is favourable in quantitative research.

5.7. CHAPTER SUMMARY

The outcome of this chapter was to summarize the study thus far and present the findings of data analysis in relation to the objectives of the study. The chapter also highlights the findings of the study across the dimensions of Porter's generic strategies which include Low-cost leadership, differentiation, focused strategies, and best-cost provider strategies. It was established that there is merit in the implementation of generic strategies within the retail banking sector, however, the choice of strategy will vary based on the bank's goals and objectives as well as the availability of resources.

Finally, the study limitations were highlighted in the chapter which were experienced during the research process as well as the recommended areas for further research on the topic in question. The findings identified in the study may not be representative of the entire banking industry nationally or globally as established in the limitations but are limited to retail banking in South Africa specifically.

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APPENDIX 1: Ethical Clearance



12 November 2024

Retesh Ganesh (211518113)
School of Man Info Tech & Gov
Pietermaritzburg Campus

Dear R Ganesh,

Protocol reference number: HSSREC/00007946/2024
Project title: Tailoring competitive strategies to retail banking in South Africa: A managerial perspective
Degree: Masters

Approval Notification – Expedited Application

This letter serves to notify you that your application received on 25 October 2024 in connection with the above, was reviewed by the Humanities and Social Sciences Research Ethics Committee (HSSREC) and the protocol has been granted FULL APPROVAL.

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number.

PLEASE NOTE: Research data should be securely stored in the discipline/department for a period of 5 years.

Incidents of adverse events and serious adverse events (AEs and SAEs) should be reported in writing to HSSREC, the study sponsors, and any regulatory authority (where appropriate), within 7 working days of the occurrence for local sites and 14 days for all other South African sites.

This approval is valid until 12 November 2025.

To ensure uninterrupted approval of this study beyond the approval expiry date, a progress report must be submitted to the Research Office on the appropriate form 2 - 3 months before the expiry date. A close-out report to be submitted when study is finished.

HSSREC is registered with the South African National Health Research Ethics Council (REC-040414-040).

Yours sincerely,



Professor Dipane Hlalele (Chair)
/hng

Humanities and Social Sciences Research Ethics Committee

Postal Address: Private Bag X54001, Durban, 4000, South Africa

Telephone: +27 (0)31 200 8350/4557/3587 Email: hssrec@ukzn.ac.za Website: <http://research.ukzn.ac.za/research-ethics>

Founding Campuses: Edgewood Howard College Medical School Pietermaritzburg Westville

INSPIRING GREATNESS

APPENDIX 2: Gate Keepers letter (Request)



12 January, 2023
MD Singh Heights Body Corporate

To Whom It May Concern:

PERMISSION TO CONDUCT RESEARCH AS PART OF THE MASTERS COURSEWORK QUALIFICATION

It is a requirement of our Masters of commerce qualification that all students undertake a practical research project. In this way students are given the opportunity to creatively link and discuss the theoretical aspects of the programme to the practical issues facing organisations in real life settings. Typically, this project necessitate data gathering by questionnaires or interviews.

Retesh Ganeesh (211518113): has chosen to do a research project entitled: **Tailoring competitive strategies to retail banking in South Africa- a managerial perspective**

Your assistance in permitting access to your building for purposes of this research is most appreciated. Please be assured that all information gained from the research will be treated with the utmost circumspection. The student will strictly adhere to confidentiality and anonymity.

I am available at any stage to answer any queries and/or to discuss any aspect of this research project.

If permission is granted, please sign the attached form.

Thank you for your assistance in this regard.

Yours sincerely
Prof. Vannie Naidoo
(Research Supervisor)

The School of Management, IT and Governance College of Law and Management Studies

Postal Address: Private Bag X01, Scottsville, Pietermaritzburg 3209, South Africa

Telephone: +27 (0)33 260 6487

Facsimile: +27 (0)33 260 5219

E-mail: Govan.derkr@ukzn.ac.za

APPENDIX 3: Gate Keepers letter

M D Singh Heights Body Corporate

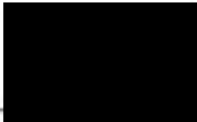
Permission to conduct research

23/01/2023

This letter hereby serves to confirm and grant permission for Retesh Ganesh (211 518 113) to conduct a survey for the purposes of his research project entitled *Tailoring competitive strategies to retail banking in South Africa – A managerial perspective*. The researcher is authorized by the Body Corporate to conduct a voluntary survey amongst residents of M D Singh Heights should they wish to participate in said survey.

The researcher is granted permission to conduct the survey during the period 1 February 2023 until 31 March 2023 upon which this permission will expire.

Due process should be followed by the researcher to keep all personal information confidential, and all data collected should be used only for the purpose of the study.


Chairperson – R. Naidoo


Trustee- R. Vather

APPENDIX 4: Research Questionnaire
CONSENT TO PARTICIPATE

CONSENT

I have been informed about the study entitled Tailoring competitive strategies to retail banking in South Africa- a managerial perspective by Retesh Ganesh (211 518 113).

I understand the purpose and procedures of the study.

I have been given an opportunity to answer questions about the study and have had answers to my satisfaction.

I declare that my participation in this study is entirely voluntary and that I may withdraw at any time without affecting any of the benefits that I usually am entitled to.

I have been informed about any available compensation or medical treatment if injury occurs to me as a result of study-related procedures.

If I have any further questions/concerns or queries related to the study I understand that I may contact the researcher at (provide details).

If I have any questions or concerns about my rights as a study participant, or if I am concerned about an aspect of the study or the researchers then I may contact:

HUMANITIES & SOCIAL SCIENCES RESEARCH ETHICS ADMINISTRATION
Research Office, Westville Campus
Govan Mbeki Building
Private Bag X 54001
Durban
4000
KwaZulu-Natal, SOUTH AFRICA
Tel: 27 31 2604557 - Fax: 27 31 2604609
Email: HSSREC@ukzn.ac.za

Signature of Participant

Date

RESEARCH QUESTIONNAIRE

Topic: Tailoring competitive strategies to retail banking in South Africa- A Managerial Perspective

Instructions:

- You are required to answer all questions carefully and honestly
- All information will be treated confidentially and solely for the purpose of the study
- The questionnaire is taken anonymously

Your participation in the study is highly valued

Questions

1. What is your age range?

- 18 to 29
- 30 to 39
- 40 to 49
- 50 to 64
- 65 or older

2. What is your gender?

- Female
- Male
- Prefer not to state

3. Which ethnic group do you belong to?

- Black
- White
- Indian
- Coloured
- Other

4. What is your employment status?

- Employed
- Unemployed
- Student

5. How long have you been using banking products?

- Less than 5 years
- 5 years
- 10 years
- 15 years
- More than 15 years

6. When selecting a bank I:

- Compare brands before deciding
- Bank where my family/friends bank
- Go for the cheapest bank
- Look for the best value for money
- Look for a premium brand
- No specific criteria

7. How many times have you changed your bank in the last 3 years?

- 1 to 2 times
- 2 to 3 times
- More than 4 times
- I choose my bank for life

8. I choose my bank based on?

- Better quality products

- Better service
- Exceeds my expectations
- I like the colour
- I'm not sure

9. Pricing is important to me

	1	2	3	4	5
Disagree			Neutral		Agree

10. Superior service is important to me

	1	2	3	4	5
Disagree			Neutral		Agree

11. I need my bank to be more than just a bank

	1	2	3	4	5
Disagree			Neutral		Agree

12. I require innovative solutions from my bank

	1	2	3	4	5
Disagree			Neutral		Agree

13. I prefer digital platforms to branch visits

	1	2	3	4	5
Disagree			Neutral		Agree

14. I prefer branch visits and human interactions

	1	2	3	4	5
Disagree			Neutral		Agree

15. I require a tailor-made solutions

	1	2	3	4	5
Disagree			Neutral		Agree

16. I require personalized service

1	2	3	4	5
Disagree		Neutral		Agree

17. I require multiple products to choose from

1	2	3	4	5
Disagree		Neutral		Agree

18. I require a basic bank account with low monthly fees

1	2	3	4	5
Disagree		Neutral		Agree

19. I require a balance between price, value, and service

1	2	3	4	5
Disagree		Neutral		Agree

20. I prioritize value over cost

1	2	3	4	5
Disagree		Neutral		Agree

21. Value-added services are important to me

1	2	3	4	5
Disagree		Neutral		Agree

22. Rewards help me make decisions

1	2	3	4	5
Disagree		Neutral		Agree

23. Convenience and efficiency are important to me

1	2	3	4	5
Disagree		Neutral		Agree

24. I like to experiment with other brands as they enter the market

1	2	3	4	5	
Disagree		Neutral		Agree	

25. I feel it easy for me to switch from one bank to another

1	2	3	4	5	
Disagree		Neutral		Agree	

26. I compare different brands before making a decision

1	2	3	4	5	
Disagree		Neutral		Agree	

27. I am a client for life

1	2	3	4	5	
Disagree		Neutral		Agree	

28. I prefer to bank across multiple brands

1	2	3	4	5	
Disagree		Neutral		Agree	

APPENDIX 6: Critical value table

Critical values table					
	Alpha				
<i>n</i>	0.2	0.1	0.05	0.02	0.01
1	0.9	0.95	0.975	0.99	0.995
2	0.684	0.776	0.842	0.9	0.929
3	0.565	0.636	0.708	0.785	0.829
4	0.493	0.656	0.624	0.689	0.734
5	0.447	0.509	0.563	0.627	0.669
6	0.41	0.468	0.519	0.577	0.617
7	0.381	0.436	0.483	0.538	0.576
8	0.358	0.41	0.454	0.507	0.542
9	0.339	0.387	0.43	0.48	0.513
10	0.323	0.369	0.409	0.457	0.489
11	0.308	0.352	0.391	0.437	0.468
12	0.296	0.338	0.375	0.419	0.449
13	0.285	0.325	0.361	0.404	0.432
14	0.275	0.314	0.349	0.39	0.418
15	0.266	0.304	0.338	0.377	0.404
16	0.258	0.295	0.327	0.366	0.392
17	0.25	0.286	0.318	0.355	0.381
18	0.244	0.279	0.309	0.346	0.371
19	0.237	0.271	0.301	0.337	0.361
20	0.232	0.265	0.294	0.329	0.352
21	0.226	0.259	0.287	0.321	0.344
22	0.221	0.253	0.281	0.314	0.337
23	0.216	0.247	0.275	0.307	0.33
24	0.212	0.242	0.269	0.301	0.323
25	0.208	0.238	0.264	0.295	0.317
26	0.204	0.233	0.259	0.29	0.311
27	0.2	0.229	0.254	0.284	0.305
28	0.197	0.225	0.25	0.279	0.3
29	0.193	0.221	0.246	0.275	0.295
30	0.19	0.218	0.242	0.27	0.29
31	0.187	0.214	0.238	0.266	0.285
32	0.184	0.211	0.234	0.262	0.281
33	0.182	0.208	0.231	0.258	0.277
34	0.179	0.205	0.227	0.254	0.273
35	0.177	0.202	0.224	0.251	0.269
36	0.174	0.199	0.221	0.247	0.265
37	0.172	0.196	0.218	0.244	0.262
38	0.17	0.194	0.215	0.241	0.258
39	0.168	0.191	0.213	0.238	0.255
40	0.165	0.189	0.21	0.235	0.252
<i>n</i> > 40	$\frac{1.07}{\sqrt{n}}$	$\frac{1.22}{\sqrt{n}}$	$\frac{1.36}{\sqrt{n}}$	$\frac{1.52}{\sqrt{n}}$	$\frac{1.63}{\sqrt{n}}$
approx.					