INNOVATION ORIENTATION AND FIRM PERFORMANCE: THE ROLE OF ORGANIZATIONAL COMMITMENT AMONG COMMERCIAL BANKS IN MERU COUNTY, KENYA

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DECLARATION AND RECOMMENDATION

Declaration

I hereby declare that this thesis is my original work and has not been submitted in any other university for any award.

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Recommendation

This thesis has been submitted for examination with our approval as University Supervisors.

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DEDICATION

I dedicate this thesis to my children, Irene Wangui and Daisy Nyokabi, for their unflinching support and encouragement throughout the study.

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ABSTRACT

Organizations have come to the realization of the important role played by employees in creating and sustaining competitive advantage and in that regard, strive to maintain a committed workforce. The research sought to better understand how organizational commitment influences both innovation orientation and commercial banks' performance in Meru County. Specific objectives included determining: influence of innovation orientation on performance; organizational commitment's effect on innovation orientation; organizational commitment's effect on performance; and the mediating effect of organizational commitment between innovation orientation and performance. The study's components were derived using three theoretical frameworks: resource-based theory, social exchange theory, and social technical theory. The study used cross-sectional descriptive design and target population was 261 workers from all commercial banks in Meru Town. The simple random sampling procedure was used to choose 158 employees as the sample size. Questionnaires were used to collect data. Reliability analysis was done using Cronbach alpha coefficient. The validity of the instrument was measured using content validity test. Descriptive statistics including mean, standard deviation and proportions were used to examine the data. Linear regression model showed the sequential relationship between variables at various stages of mediation test. Statistical tests including t-test and F-test formed the basis of testing the formulated hypotheses. Findings indicated that innovation orientation had a favorable and substantial influence on firm performance ($\beta=0.59$, $p<0.05$); and organizational commitment had a favorable and substantial influence on firm performance ($\beta=0.189$, $p<0.05$). Further, results showed that when combined, innovation orientation ($\beta=0.589$, $p<0.05$) and organizational commitment ($\beta=0.187$, $p<0.05$) had a favorable and substantial influence on firm performance. However, innovation orientation ($p>0.05$) had no substantial influence on organizational commitment. The study came to the conclusion that organizational commitment did not significantly mediate the relationship between innovation orientation and output of commercial banks since the second condition of mediation was broken. The study advised bank management to improve their initiatives to promote innovation. The programs should specifically focus on key aspects including employee innovativeness, customer, competitor and markets information innovation. The bank management should also strengthen their organizational commitment policy. The key areas to be streamlined include affective, normative and continuance commitment. Further, the bank management should develop programs and systems that can link innovation orientation and organizational commitment. These aspects when properly combined have the potential to enhance overall firm performance. The study significantly advances theory, practice, and policy in the area of corporate management.

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LIST OF ABBREVIATIONS

ATMs	Automatic Teller Machines
CBK	Central Bank of Kenya
CRBs	Credit Reference Bureaus
EFTs	Electronic Funds Transfers
GDP	Gross Domestic Product
HR	Human Resources
HRM	Human Resources Management
ICT	Information and Communications Technology
IFMIS	Integrated Financial Management Information System
IT	Information and Technology
KCB	Kenya Commercial Bank
MFBs	Microfinance Banks
MRPs	Money Remittance Providers
NACOSTI	National Commission for Science, Technology and Innovation
NHRM	New Human Resources Management
PBT	Profit Before Taxation
ROA	Return on Assets
ROE	Return on Equity
RTGS	Real-Time Gross Settlement
SMEs	Small and Medium Enterprises
SPSS	Statistical Package for Social Services

US	United States
USA	United States of America

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Contemporary industries (manufacturing and service) are characterized with intense competition between companies, institutions and firms offering similar goods and services (Chipeta & Muthinja, 2018). In order to remain competitive, firms have to develop and implement innovative strategies that will improve their performance. Performance is the outcome or end-result of an organizational activity that can be either negative or positive (Nassar, 2018). Financial performance, according to the latter definition, is the use of financial resources (Abata et al., 2016).

Performance of firms depends on their flexibility, adaptability and responsiveness, which in turn reflects on their competitiveness (Ogunsiji & Ladanu, 2017). Recent research has revealed a beneficial relationship between innovation investments and corporate performance (Likar et al., 2016). Companies can respond to the dynamically changing environment by using innovative strategies, which improves their performance (Meira et al., 2019). There is empirical evidence to show that innovation strategies lead to superior performance. The benefits of properly managed innovation is increased financial and non-financial performance (Anning-Dorson, 2017; Alves et al., 2018). Innovation can be both technical and non-technical, or in another dimension, innovation is radical and incremental. According to Gustavsson and Larsson (2020), either of the dimensions significantly affects the performance of an organization.

The banking industry dominates the financial landscape of a country like India on a global scale, accounting for more than half of all financial movements in the economy (Srivastava et al., 2017). Banks are crucial in promoting financial inclusion and lending to the productive sections of the economy. Despite its resiliency in the early aftermath of the global financial crisis, the Indian banking sector has been hit by the global and domestic economic slowdown in recent years (Li et al., 2019).

According to Mishi et al. (2016), South Africa's banking sector is oligopolistic, highly consolidated, and dominated by a select few large banks. However, the industry has well-developed administrative and credit information systems (Simatele et al., 2018). Overall, it has a robust legal system and is well-developed, well-regulated, and supported. The country's financial sector has become more open since 1994, which has led to an increase of banks and, as a result, an increase in loans and advances. The number of new companies who are providing a broad range of new goods targeted at the unbanked population and lower-income customers has increased the level of competition in the market (Simatele et al., 2018).

A recent survey in Kenya found that the use of e-banking tools such credit cards, mobile and internet (online) banking, electronic money transfer, and ATMs is constantly rising (Central Bank of Kenya [CBK], 2016). One of the earliest and most popular retail banking services in Kenya is ATM banking (Nurhadi & Ilfitriah, 2020). However, a Central Bank of Kenya (CBK) annual report claims that in terms of usage and penetration in recent years, mobile banking (M-banking) has surpassed it (CBK, 2016). Easy use and a large population of mobile phone users have been connected to the considerable increase in people utilizing M-banking (Nduta & Wanjira, 2019).

1.1.1 Firm Performance

Sidek et al. (2019) define firm performance as the end-result of pursuing a firm’s goals.

According to Short et al. (2016), strategies that firms employ to gain competitive advantage determine their profitability in the end. It is because of the inherent connection between strategies and performance, that measurement of the latter cannot solely rely on financial indicators (Asad et al., 2018). However, as firms adopt different methods (financial or non-financial) to measure their performance, financial indicators remain as the most prevalent measures of performance (Mustafa & Yaakub, 2018). Common financial indicators include return on assets, net profit after tax and return on investment (Akbar et al., 2020; Njuguna & Waithaka, 2020).

Combining financial elements with non-financial measurements gives a better view of the overall performance because it captures the dynamic operating environment of a firm (Mustafa & Yaakub, 2018). Non-financial measures may include competitive advantage, satisfaction of stakeholders, percentage of market share, growth and productivity (Elsaay & Othman, 2016). Other contemporary measures of firm performance include optimum utilization of inputs, quality of output, innovativeness and work-life balance, broadening the perception of success in a firm. This study intended to use multidimensional subjective measurement model that divides firm performance into profitability, market growth, satisfaction of customers and employees, social and environmental impact.

1.1.2 Innovation Orientation

According to Durmuş-Özdemir and Abdukhoshimov (2018), innovation is a key factor in competitive advantage in a dynamic environment. Through innovation, firms are able to reinvent themselves by product and process improvements, which will not only enable them to survive the changing business environment but also to increase growth and efficiency, ultimately enhancing profitability. This is particularly valid for the manufacturing and service sectors, where innovation has emerged as a major driver of productivity and economic success (Yablonsky, 2019).

Financial innovations such as M-Pesa in Kenya makes important contributions to economic growth by increasing business transactions hence business turnover. Other innovations such as IFMIS also streamline government transactions hence facilitating more business with the government (Onchong'a, 2018). World Economic Forum (2018) also opined that innovation in financial sector is an important contributor to business success and economic growth.

Many studies on innovation use technological, organizational and administrative approaches which have largely contributed to the difficulty in defining the construct (Woschke & Haase, 2016; Vargas et al., 2017; Barros et al., 2017). However, contemporary studies seem to agree that innovation is freshly generated knowledge/ ideas, transformed into either new products/services, advanced technologies, improved processes and modified organizational structures (Serna et al., 2018; Schaijk, 2018).

Within the wider construct of innovation, innovation orientation is a sub-construct describing organization's bias towards innovation-based strategies, which affects the overall approach an organization takes towards competitiveness. In spite of no consensus on what innovation orientation entails, researchers agree that the construct includes an environment that supports innovative culture (Baregheh et al., 2017) competition-based understanding (Norris & Ciesielska, 2019) organizational flexibility (Azar et al., 2018) and specific capital and knowledge capabilities (De Silva et al., 2016).

Innovation orientation is an organizational behaviour linked to its internal capabilities (resources and knowledge base) and the strategic direction taken. It is an attribute with four main facets, which include intention, infrastructure, influence and implementation (Chou et al., 2020). The aspects of innovation orientation have been expanded to encompass a culture of innovation, organizational flexibility, capital base and knowledge skills, and a grasp of the dynamic environment, according to studies (Norris & Ciesielska, 2019). This study adopted the aforementioned dimensions of innovation orientation.

1.1.3 Organizational Commitment

According to Eneh and Awara (2016), in any organization, employees are directly responsible for setting organizational strategies and objectives as well as implementing them and therefore, organizational performance ultimately depends on its employees. It benefits the organization to obtain and retain a committed workforce (Bakytgul et al., 2019). Empirical findings show that the positive association of commitment and work behavior among employees contributes to organizational success (Kim et al., 2019). This study supports the findings of Ahmed et al. (2018)'s study, which found a strong correlation between employee dedication and job effectiveness. Studies further show that the main contributor of commitment is employee satisfaction. Hanaysha (2016) found that satisfaction on job significantly contributed to employee commitment. Keskes et al. (2018) established a negative relationship between turnover and commitment. Therefore, commitment of employees contributes to performance of organizations and it is a function of how satisfied the employees are.

To give an overall definition, organizational commitment is the attachment to a particular organization, exhibited by belief, organizational values and willingness to pursue its goals (Moonsri, 2018). Tharikh et al. (2016) explain organizational commitment as a mental status where an employee feels emotionally attached to an organization thereby choosing to remain in it. Therefore, organizational commitment is a function of emotional affiliation, shared goals and values and willingness to remain as a member of an organization (Ome, 2017). Organizational commitment therefore applies to the entire organization contrary to satisfaction, which is job specific. Organizational commitment portrays a holistic view of employee behaviour towards an organization (Lizote et al., 2017).

Organizational commitment is pertinent to performance of the banking industry because it is through the employees that various products and services reach the ultimate customers (Chipeta & Muthinja, 2018; Cherutich et al., 2016). In a highly competitive environment and with the introduction of disruptive technologies, the banks need to focus more on managing their employees well. Therefore, in order to keep its staff committed to the company, banks should enhance their talents and inspire them. Organizations require committed employees in order to survive and thrive in a globally competitive environment.

1.1.4 Global Banking Industry Outlook

The aftermath of the 2007-2008 banking crisis (2008-2010) saw mixed results in performance of the banking industry globally. There was a considerable reduction in growth rate (up to 2.7%) of assets of the top 1000 banks globally compared to double digits pre-crisis (2006-2007) growth rates. Other post-crisis performance improvements include recovery on risk management, profitability and 3.8 percent growth in capital adequacy ratio between 2007 and 2010 (Mulla, 2017).

The banking industry in different regions has recovered differently since the financial crisis and this can be attributed to diverse policy and regulatory interventions for each region. For example, banks in the United States recovered more quickly compared to banks in other regions through aggressive policy interventions and forceful regulations. The US banking industry reported growth in total assets and ROE to a high of 17.5 trillion dollars and 11.83 percent respectively. On the other hand, banks in Europe experienced low performance in form of low/negative interest rates and structural deficiencies due to inadequate Pan- European banking regulation. This has seen many European banks become smaller and others exiting international markets. European banks reported a drop in profits of 42.5 billion dollars in decade from 2007-2017. However, the European banks are showing slow recovery with growth in ROE from 5.5 to 8.6 percent for year 2016 and 2017 respectively. In the Asian region, Chinese banks had the most significant growth compared to banks in developed countries. These banks reported higher growth in ROE (15.3 percent) in 2017 compared to11.83 percent for US banks and 8.6 percent for the European banks (Deloitte, 2019).

On the African front, in the decade up to the year 2016, the South African financial sector grew at 2.2 percent per year, an average of 19 percent contribution to gross domestic product (Stats SA, 2017; South African Reserve Bank, 2017). South Africa's financial system was rated as having a sound banking system by being ranked 18 out of 140 countries (The World Economic Forum, 2018). This favourable rating was attributed to an increase of 9.6 percent in Bank deposits to GDP ratio for the period 2000 to 2015. The sector reported that domestic credit to the private sector increased by 17 percent as a percentage of gross domestic product during the same period. There was growth in total banking assets of 2.5 trillion Rands for the period 2008 to 2017 (South African Reserve Bank, 2017).

In the domestic front, the Kenyan banking sector was not affected by the 2007-2008 financial crisis. Kenya experienced growth in exports, which together with the recovery of the global economy mitigated the banking sector financial crisis. Dubai bank, Imperial bank and Chase bank were adversely affected through liquidation in 2015, receivership in 2015 and receivership in 2016 respectively. The law on capping of interest rate came into effect on September 2016, which drastically reduced the profits reported by banks. The banking sector reported an increase of 8.1 percent in assets whereas there was a reduction in profitability that resulted in banks not being able to adequately build strong capital reserves through retained earnings. A reduction from3.2 percent to 2.6 percent in return on assets (ROA) was reported in 2016 and 2017 respectively while return on equity (ROE) decreased from 24.4 % to 20.6%. In an effort to meet regulatory requirements in terms of capital adequacy, the industry experienced increased consolidation with 4 mergers and acquisitions being finalized during the same period (Obegi & Oluoch, 2019).

Overall, there have been several reforms and tighter regulations recently in the global banking sector. Banks now more than ever before are expected to meet enhanced regulatory requirements such as capital adequacy and risk management. With the reduced margins and enhanced regulation, traditional business models seem not to be working any more. Banks have therefore been forced to rethink their strategies and have now concentrated their focus on building customer confidence, efficient technological and organizational systems and reducing operational costs. To take advantage of new market opportunities, banks are now investing heavily in the latest technology, identifying new business niches, developing customized products and services, and adopting different innovative strategies.

1.1.5 Commercial Banks in Kenya

According to the Central Bank of Kenya (CBK, 2017), Kenya's banking sector consisted of 43 financial institutions (42 commercial banks and one mortgage financing company), nine foreign bank representative offices, thirteen money transfer businesses (MFBs), three currency reserve banks (CRBs), nineteen money remittance points (MRPs), eight dormant bank holding companies, and 73 foreign exchange bureaus. Three institutions were majority owned by the Kenyan government, while forty institutions were privately owned. Twenty-five locally owned banks made up the privately owned banks (Twenty-four commercial banks and one mortgage financier). The remaining fifteen are foreign-owned banks (fourteen foreign-owned commercial banks with eleven local subsidiaries and three are branches of foreign banks). The remaining licensed financial institutions (that is, foreign exchange bureaus, MFBs, CRBs, MRPs, non-operating bank holding companies and representative offices) have private ownership.

The industry experienced tremendous growth in 2014 brought about by the dynamic changes in the economy and the business environment. Mwangi (2018) attributes the growth in the banking sector in Kenya to aggressive expansion to different parts of the country, the neighboring countries and automation of most of the banking services to meet customer need and expectations. However, the Kenyan banking industry's performance declined in year 2017 with a reduction of 9.6 percent in pre-tax profits and 3 percent increase in non- performing loans' ratio between 2016 and 2017. To hedge against performance decline, the banking industry invested heavily in government securities in year 2016 resulting in growth in assets of 7.71, contributing 58.3 percent towards nominal GDP (Obegi & Oluoch, 2019).

Commercial banks in Kenya are currently up against established industry players, new entrants, and firms that provide financial technology services. With the stiff competition, enhanced regulation and reduced margins, banks are forced not only to innovate but also inculcate an innovation culture into the entire organization. Commercial Banks are now using innovation to create systems that have transformed the way they interact and ultimately meet customer changing needs (Chen et al., 2017).

1.2 Statement of the Problem

Although the financial services sector showed tremendous growth in the last decade, this came with new challenges. New laws mandated that participants in the Kenyan banking industry have core capital of at least one billion Kenya shillings by the end of 2012. The essence of this new requirement was to promote competition among banks (Mwangi, 2018). The latest banking sector performance report from Central Bank of Kenya indicate that the industry has since met the requirement (Bank Supervision Annual Report, 2021).

The performance of banks was hampered by the implementation of such regulatory regulations. The CBK has over the years placed a number of banks under receivership due to their subpar performance and failure to meet certain financial requirements. Failure of the banks to meet required banking ratios and under-reporting of insider loans were also factors in the collapse. Mismanagement was also cited as a reason for bank closures, leading to some of the banking industry's performance issues.

In the backdrop of new regulations together with a more enlightened and demanding consumer and tough competitive environment from both inside and outside the industry, banks have no choice but to re-engineer their business models. Banks are now responding by creating and promoting a conducive innovative environment through availability of resources such as capital and infrastructure thereby continually introducing new products, services and systems and also making sure new regulations are met (EY, 2019). The commitment of the workforce to deliver on the strategies identified can also be attributed to improved firm performance (Abbasi et al., 2017; Kiende et al., 2019).

Several studies have been carried out on innovation which include financial, product, market and technological types of innovation in commercial banks and their effects on firm performance (Kamaku et al., 2018; Chipeta & Muthinja, 2018). The effect of organizational commitment as a mediator between innovation orientation and bank performance in Kenya has not, however, been examined in these studies. The current study envisaged filling this gap by examining the mediating role played by organizational commitment between innovation orientation and Commercial Banks' performance in Meru.

1.3 Objectives of the Study

1.3.1 General Objective

To investigate the role of organizational commitment as a mediator between innovation orientation and performance of banks in Meru County, Kenya.

1.3.2 Specific Objectives

i. To determine the influence of innovation orientation on commercial banks' performance in Meru County

ii. To determine the influence of innovation orientation on organizational commitment among commercial banks in Meru County

iii. To establish the influence of organizational commitment on commercial banks' performance in Meru County

iv. To determine the role of organizational commitment in mediating the relationship

v. between innovation orientation and commercial banks' performance in Meru County

1.4 Research Hypotheses

The study sought to address research hypotheses below:

H_{01}: Innovation orientation has no statistical substantial influence on commercial banks' performance in Meru County.

H_{02}: Innovation orientation has no statistical substantial influence on organization commitment among commercial banks in Meru County.

H_{03}: Organization commitment has no statistical substantial influence on commercial banks' performance in Meru County.

H_{04}: Organizational commitment does not substantially mediate the connection between innovation orientation and commercial banks' performance in Meru County.

1.5 Significance of the Study

The research results will be beneficial to bank executives since the outcome will guide them as they plan and strategize on how to improve their performance. This will assist them determine where to allocate more resources and particularly where innovation contributes more to performance of the firm and come up with more products and services that are in line with customer needs.

Banks top management may also use the results of the study to understand how employee attitudes and behaviour contribute to the performance and achievement of organizational goals and therefore work towards implementing better ways of motivating and retaining their employees. The study will also be used as reference by other researchers and encourage further research to be carried out where gaps will be identified thereby building a wealth of knowledge.

1.6 Scope of the Study

The study looked at the function of organizational commitment as a bridge between commercial banks' performance and innovation orientation in Meru County, Kenya. The study focused on Kenyan commercial banks, more specifically those in Meru County. A cross-sectional descriptive design was employed. The study targeted employees of 19 banks with 22 branches in Meru County, specifically, Meru Town. The study period was from January to July 2022.

1.7 Operational Definition of Terms

Firm Performance: Refers to the expected outcomes resulting from efficient utilization of a firm’s available resources to meet set organizational goals and objectives. (Stanciu et al., 2019).

Innovation Orientation: this describes an organization’s intentional approach to innovation whereby in its strategy, it adopts an open culture to innovation, taps into the environment to gain a competitive edge, introduces new products, services, processes and systems and ultimately improves organizational performance (Chou et al., 2020).

Organizational Commitment: The degree of psychological attachment individuals have towards the organizations they work for (Idris & Manganaro, 2017).

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Literature relevant to this survey is evaluated from prior research in textbooks, journal articles, conference proceedings, working papers and other internet-based materials. The review forms the basis of establishing the research gap and conceptualizing the variable relationships. Theoretical and empirical reviews, as well as the conceptualization and operationalization of study variables, were covered in the sections.

2.2 Theoretical Review

This section evaluates theories connecting organizational commitment, innovation orientation and organizational performance hence building the framework of the study. The theories anchoring the study are Resource-Based theory, Social Exchange theory and Social Technical Systems principle.

2.2.1 Resource Based Theory

Penrose founded this theory in 1959 to aid in understanding how organizations use their resources for achieving competitive advantage (Omondi et al., 2017). Resource based theory compliments Porter's theory of competitive advantage by showing how organizations use resources to compete (Jerop & Juma, 2018). It recognizes the uniqueness of firm-specific resources and capabilities (Ahmed et al., 2018). Resource-based theory emphasizes that success of an organization critically depends on its internal properties (Ahmed et al., 2018). Resource refers to assets (whether tangible or intangible) and capabilities (knowledge and staff competencies) that enables differentiate organizations from one another within the same industry, an organization to perform innovative work (Jerop & Juma, 2018). Using its resources, a firm is able to seize opportunities in the market hence creating a sustainable competitive advantage (Omondi et al., 2017).

An organization is capable of creating a competitive advantage only if it has unique (hard-to-copy) knowledge and technology. When a firm that is able to have costly-to-copy attributes, it can position itself competitively hence perform better (Omondi et al., 2017). Uniqueness in an organization and competitive advantage are both signals of innovation. According to Serna et al. (2018), innovation is experienced in two main ways in SMEs; marked increase in competition and technological changes within the industry context.

The resource-based theory does not hold when a company with resources that are easily obtained, imitated, and substituted by competitors will not enjoy a lasting competitive advantage. Resources derived from a company's history or culture, for example, may be difficult to duplicate. Organizations must also concentrate on utilizing resources that cannot be replaced (Kraaijenbrink et al., 2010).

The principle is important in this research as it affirms that innovative problem solving require sufficient organizational resources that include funds, materials, facilities, knowledge and sufficient time (Jerop & Juma, 2018). According to Ahmed and Othman (2017), the resources that an organization seeks to gain competitive advantage with include organizational commitment, organizational culture, technological and physical assets. The theory brings out organizational commitment as an internal resource that is essential in the determining organizational competitiveness and overall performance. As a result, the hypothesis states that organizational commitment, creativity, and performance are all related.

2.2.2 Social Exchange Theory

Theory of social exchange explains organizational commitment as a result of an emotional transaction between the employer (organization) and the employees. Though unwritten, the inherent agreement stipulates what the employee should expect from the management in exchange for his/her commitment (Ahmed et al., 2018; Mwashighadi & Kising'u, 2017). The relationship between employees and the organization derived thereof involves social and economic exchanges. Social exchange manifests itself as the voluntary actions of the employees as a result of fair treatment by the organization. On the other hand, economic exchange refers to the economic reward to the employees for their effort (Mwashighadi & Kising'u, 2017).

Therefore, employees join the organizations with expectations of better working environments and rewards, and in return, they will utilize their knowledge and skills for achieving organizational goals (Ahmed et al., 2018). A conducive working environment created by the organization leads to job satisfaction and overall organizational commitment.

Social exchange theory is grounded on three basic principles: first, employees will only have relationships with organizations that provide desirable rewards; second, it theorizes that the latter relationship is always reciprocal; thirdly, the relationship between employees and the organization can only be sustained via a reciprocity-type relationship (Ahmed et al., 2018). In practice, the third principle can be challenging to achieve because of inherent inconsistencies in this proposed equity relationship (Mwashighadi & Kising'u, 2017). For example, issues to do with huge remuneration disparity such that key employees experience high equity as compared to employees who are considered low performers.

Despite the weakness highlighted above, social exchange theory ideally describes an inherent association of organizational commitment and its performance. According to this study, an organization's effectiveness is closely tied to how devoted its people are and, as a result, how they are rewarded. The relationship between organizational commitment and commercial bank performance in this study is therefore supported by the theory.

2.2.3 Theory of Social Technical Systems

The theory by Emery and Trist (1960) posits how employees, machines and other operational aspects at work interact (Shah et al., 2019). The underlying principle of systems technical thinking is that when designing an organizational system, both social and technical factors should be considered. Therefore, meaningful employment of any form of technological innovation rests on the users to employ it in worthwhile tasks (Karanja, 2016). Accordingly, technological innovation cannot be looked at in isolation of the employees and the organizational goals it is targeted to achieve.

The theory explains that technology on its own does not contribute much towards organizational success (Karanja, 2016). The theory adopts a systems view of the organization represented in a hexagonal form. In essence, an organization is made up of a set of interacting subsystems that engages people with certain skills and competencies to achieve set goals through laid down processes within physical infrastructure and sharing common beliefs (Leeds University Business School, 2019).

Critics of the social technical systems theory argue that it is insufficient for use in organizations whose primary business is technology, and that implementing it can even lead to a breakdown in communication. According to Abdelnour-Nocera and Clemmensen (2019), technology firms are rapidly transforming and becoming more customer-oriented, necessitating the development of a user-friendly system. To do so, they'll require a well-defined sequence of steps to solve the difficulties they're dealing with. The socio-technical system cannot provide something similar because its best quality – freedom of choice and responsibility – is also its greatest shortcoming. Not all businesses can rely on their employees' smart judgment and decisions; sometimes the stakes are too high, and no risk is acceptable.

Oladokun and Adewuyi (2016) explain social-technical systems as consisting of components viz., social structures and technical elements that collectively contribute to achieving common system goals. According to Karanja (2016), this theory forms a technological design framework that emphasizes on holistic job satisfaction gained by involving employees through a developmental process. This theory explains how innovation hinges on organizational commitment and further, how innovation should be directed towards performance of organizations. The hypothesis states that organizational commitment mediates the relationship between innovation orientation and the performance of commercial banks as a result of this.

2.3 Empirical Review

This review explores empirical findings from studies related to the study’s constructs in order to establish the research gap. The empirical relationships explored are organizational commitment and firm performance; innovation orientation and firm performance; organizational commitment and innovation orientation.

2.3.1 Organizational Commitment and Firm Performance

In the context of organizational management, the term "organizational commitment" has been broadly defined. Organizational commitment, according to Serna et al. (2018), is a psychological link between employees and the organization that is based on social exchange theory. In furtherance of social technical systems theory, organizational commitment has also been defined as the willingness by employees to work towards achieving shared organizational goals (Serna et al., 2018; Ahmed et al., 2018). Resource-based theory explains how commitment of employees is a tangible resource to an organization and which can be further affected by the internal environment created by the organization (Ahmed & Othman, 2017).

According to Khaliq et al. (2016), the fundamental components of organizational commitment are employees' identification with organizational goals and/or values; eagerness for goal realization; and affiliation with the organization. The three components of organizational commitment, according to Karim and Noor (2017), are affective, normative, and continuance commitment. Affective describes a need to belong to the organization while normative is where an employee feels obligated to remain employed. Continuance is recognizing the dire opportunity cost of leaving the organization (Donald et al., 2016; Gautam, 2017; Serna, et al., 2018).

In spite of the many definitions and models of organizational commitment, it remains the core element of HRM in organizations. Human resource practices and policies are supposed to create an environment that increases the level of satisfaction of employees as well as promoting their retention (Gautam, 2017). Organizational commitment is the indicator of the psychological contract between employees and the organization as envisaged in the social exchange theory. Various studies exist on organizational commitment from around the world.

Teh et al. 92019) looked at the connection between organizational commitment and job satisfaction. Quantitative data for the study was given by 280 Libyan oil and gas industry professionals. The study showed a significant positive link between job satisfaction and organizational culture, job satisfaction and organizational commitment, and organizational commitment and organizational culture using the stages of Baron and Kenny (1986) mediation. According to the researchers' findings (Bajji, 2019; Kato, 2019), organizational commitment partially mediates the relationship between job satisfaction and organizational culture.

Khaliq et al. (2016) investigated a number of variables that influence employees' organizational commitment in Pakistan's banking sector. The study looked at how organizational commitment was impacted by working conditions, career growth, organizational rewards, supervisors, and work-family support. The study's t-statistics revealed that the work environment was the only element that significantly increased organizational commitment. The remaining independent variables showed a small but significant beneficial impact on organizational commitment.

Gathungu et al. (2017) investigated the effect of HR promotional practices on organizational commitment among bank employees in Kenya. Based on human resource attribution theory; the study hypothesized that HR practices can influence employee attitudes and behaviours hence affecting organizational performance. Analyzed questionnaire data revealed that HR promotional practices insignificantly influenced employee commitment in the banking sector. Employees valued being given permanent status more than being on contracts with offers of promotion.

These results back up Gautam (2017) study on the association between organizational commitment and contented workers in the Nepalese banking industry. The study also looked at how gender and job status affected organizational commitment as mediators. Despite high measured HR practices, employees showed lower levels of satisfaction indicating that HR practices may not necessarily influence organizational commitment. The mediation results indicated that female employees were more committed than their male counterparts. It was also found that higher cadre employees were more committed to their work. Therefore, increased employee satisfaction did not necessarily ensure organizational commitment.

Donald et al. (2016) investigated how employees' perceptions influenced organizational commitment among Gaza banking industry personnel. Role perception, work satisfaction perception, job attributes perception, and organizational characteristics perception were the four metrics used to assess employee perception. Affective, Normative, and Continuance commitments were classified as organizational commitments. For the various organizational commitment dimensions, the study's findings were inconsistent. Role perception, organizational characteristics, and job characteristics did not significantly influence continued commitment. However, role perception and organizational characteristics had significant positive correlation to normative commitment. Job characteristics and organizational characteristics however related positively and significantly to affective commitment. The study concluded by not inferring significance in relationship of role perception and affective commitment.

Kumari and Priya (2017) carried out a study to investigate whether type of banks (private or public) and job ranking affected bank employees’ commitment in Uttar Pradesh region. The results showed that banking sector (private or public) and job cadre (lower, middle or top-level managers) both significantly predicted organizational commitment. Compared to private bank staff, their counterparts in public sector bank had higher commitment. Top level managers were on the other hand found to have higher organizational commitment than those of lower cadre, hence corroborating findings of Gautam (2017).

In the banking sector of Hafiz (2017) investigated relational elements of organizational commitment and employee performance. 213 questionnaires were used to acquire quantitative data from workers of commercial and state banks. From correlation analysis, affective, normative and continuance commitment correlated with employee performance (0.981, 0.932 & 0.956 respectively). Regression analysis also consistently showed that the three dimensions of organizational commitment were all significantly related to organizational performance.

On organizational commitment and performance, several conceptual studies have been done. In order to ascertain whether there is a relationship between organizational commitment and performance in developing nations, Ahmed et al. (2018) suggested utilizing a quantitative approach. They did this by utilizing social exchange theory and resource-based theory. Ahmed and Othman (2017), based on resource-based theory, re-emphasized the need to study the latter relationship with further investigation on the mediation effect of organizational innovation.

According to Dachuan and Hueryren (2017), organizational commitment is a belief or culture that mixes sentiments for the organization's ideas and objectives with individual values and objectives. Additionally, a person's passion and commitment to an organization may be expressed through their organizational commitment. It is a comparable indicator of someone's commitment and dedication to an organization since it shows a high degree of involvement, dedication, and concentration on the activities of that particular organization. When an individual's ambitions are in line with the organization's, they prioritize the needs, objectives, and goals of the business over their own, which leads to outstanding employee productivity. By encouraging individuals to assume personal responsibility, this commitment results in the organization's commitment to fulfilling its objectives and mission. An organization benefits from high organizational commitment since it shows that staff members strongly connect with it (Shahida, 2019). Five elements make up organizational commitment: a strong desire to stay a member, acceptance of the organization's primary objectives, a strong desire to work toward those objectives, a positive impression of the organization, and a willingness to act on its behalf. to do well at work.

Through the use of two mediating factors, information sharing and opportunistic behavior, Nguyen et al. (2020) assessed the direct and indirect impacts of organizational commitment on employee motivation in Vietnamese enterprises. The sample was selected using a non-probability sampling approach after convenience sampling, and it was then generally categorized according to region within Vietnam. 636 workers in Vietnamese-owned businesses made up the sample size. A total of 379 online surveys were gathered, and 329 of those surveys were legitimate. In the face-to-face survey, there were 750 questionnaires delivered, 421 questionnaires collected, and 307 valid surveys. There were 636 valid questionnaires included for the analysis. The study employs structural equation model analysis together with quantitative approaches. The study's conclusions show that normative commitment, one of the organizational commitment components, affects employee motivation in both a direct and indirect manner through two mediating factors: opportunistic behavior and information sharing. However, through these mediating factors, emotional commitment only indirectly influences employee motivation for their work. The effects of continued commitment are both direct and indirect, although opportunistic conduct has the sole indirect effect on employee motivation. The study's findings also indicate that opportunistic conduct has a detrimental effect on employee knowledge sharing inside the organization.

Al-Tarawneh (2021) intended to ascertain organizational commitment (OC) availability among workers of a Jordanian commercial bank and gauge its effect on job performance (JP) in Jordan.

To accomplish these goals, 257 questionnaires were sent out at random to Jordanian commercial banks' staff at various administrative levels. The study's conclusions show that Jordanian banks frequently offer OC. It appears that emotional attachments are the most common type of connection. The study's conclusions show that OC has a significant positive effect on JP. This study suggests that it is crucial to have a strategy plan to promote OK among Jordanian commercial bank personnel.

The direct effects of organizational justice, intercultural competence, and commitment on job performance are covered by Suharto and Hendry (2019). Through a descriptive survey, primary data were gathered. 350 respondents, who worked as government servants in Metro City, East Lampung Regency, and Central Lampung Regency, made up the sample. Using Lilliefors normality, homogeneity, linearity, and significance regression, meet the test analysis criteria. Structured equation modeling analysis (SEM) is the technique used to analyze the data. Conclusions of the study indicate that intercultural competence has a direct influence on organizational commitment and organizational justice but no direct influence on work performance. They also show that organizational commitment and organizational justice have a direct relationship.

Nasution and Rafiki (2020) research in Indonesia looked at the connections between Muslim workers' job satisfaction, organizational commitment, and the Islamic work ethic in four Islamic commercial banks. In this study, descriptive and inferential statistical analysis are used together with quantitative approaches. Senior management was selected at random from a stratified sample according to the size of each business. 220 people responded to the 250 questionnaires that were distributed. Frequencies and percentages were utilized to identify respondent characteristics, and linear regression, variance component analysis, and preliminary data analysis were employed to address research issues. The association between the Islamic work ethic and organizational dedication as well as job satisfaction has been proven to be both favorable and substantial.

In order to understand why there are variations in the connection between affective organizational commitment and job performance, Sungu et al. (2019) proposed a separate and interactive moderation between affective organizational commitment and transformational leadership based on the theory of Meyer, Becker, and Vandenberghe. 398 employees and their supervisors' data are used to support this notion. When an individual has a high degree of work commitment or when a leader's transformational leadership is strong, the link between emotional organizational commitment and productivity is higher. This study's use of a moderated mediation relationship, which is significant, revealed that employees with high career commitment experience transformational leadership differently from those with low career commitment in terms of how it affects the relationship between affective organizational commitment and job performance.

The connection between organizational commitment and work happiness among PT X employees was investigated by Hiola and Hanurawan (2022). A quantitative correlational research design was adopted in this study. The 34 PT X employees that make up the population of this study are all of them. It was saturation sampling that was employed. The General Job Satisfaction Scale and the Organizational Commitment Scale (OCS), both modified, were employed in the data gathering strategy. Product moment correlation is the data analysis methodology applied in this study. According to the findings of the hypothesis test, the majority of PT are committed to their organizations.

Cahyani et al. (2020) looked at how organizational commitment and job satisfaction affected employee performance. This investigation focuses on the Regional Drinking Water Company (PDAM) in Salatiga City. The findings of the study demonstrate that organizational commitment enhances worker performance. Apart from that, work happiness influences employee performance favorably, and loyalty to the company and job satisfaction both enhance performance. Shahida (2019) looked at how organizational commitment affects individuals' work and how it affects organizations as a whole in Pakistan. The Punjabi textile industry's workforce is the target demographic. An example of the 179 participants in this research. This study makes use of primary data gathered through questionnaires. There is a considerable and favorable association between employee performance and organizational commitment, according to correlation and regression analysis of the data gathered.

Donkor et al. (2021) investigated the effects of transformational, transactional, and laissez-faire leadership styles on the performance of subordinates in state-owned enterprises in Ghana. 330 participants participated in the model testing, and data were confirmed using a measurement model to confirm internal consistency reliability (CR) and convergent validity (CV). According to the study's findings, organizational commitment serves as a bridge between transformative and permissive leadership. Transformational and laissez-faire leadership were found to have a positive and statistically significant link with job performance, but transactional leadership was proven to have no influence on work performance. The bottom line is that leaders need to know all the steps to increase the engagement of their subordinates and appropriate leadership behavior must be factored into job performance.

Orwa and Odolo (2022) looked at NGOs in Nairobi County to see how organizational commitment affected performance. This study employed a descriptive research approach. This study makes use of primary data gathered through semi-structured questionnaires. 53 NGOs that operate in Nairobi County were the target population. Managers from the lower, medium, and senior levels of management serve as the observational units. For this study, three managers from each of the 53 NGOs were chosen. For this study, a sample of 112 managers was chosen. The data were subjected to descriptive analysis, regression, and inferential correlation. The study's conclusions indicate that non-governmental organizations (NGOs) in Nairobi County perform considerably and favorably when there is organizational devotion.

A study by Koskei et al. (2018) focused on the Kenyan education sector and examined the relationship between workplace retention commitment and employee performance at the University of East Africa, Baraton. Researchers surveyed both teaching and non-teaching employees using stratified and straightforward random sample techniques. Information was gathered from respondents using a standardized questionnaire. A frequency distribution table of the data is displayed, and descriptive and inferential statistics are used to examine it. This study found a fragile connection between employee performance and commitment to sustainability. Therefore, the continuance duty does not materially affect the performance of University of East Africa, Baraton staff.

2.3.2 Innovation Orientation and Firm Performance

Innovation is the process of developing new ideas from opportunities, such as enhanced goods, services, or procedures, and putting those ideas into effect (Karanja, 2016). According to Mah et al. (2018), innovation is a form of organizational learning whereby the organization evolves organically responding to changes in its environment. However, innovation cannot be simply defined in a sentence due to the inherent categorization of innovation based on the context in which it is being implemented.

Innovation is divided into two categories by Baregheh et al. (2017) based on the degree and kind of innovation. The level of uniqueness of an innovation is described by its degree of innovation. In this regard, there could be radical innovation which means something new or incremental innovation which refers to improving on an existing innovation (“add-ons”). On the other hand, types of innovation refer to the results of an innovation process. The following sorts of innovations were suggested by Baregheh et al. (2017): organization structure, work flow, personnel, and goods/services. Other proponents discuss administrative, technology, radical, product, position, paradigm and process as types of innovation (Saunila, 2016; Munywoki, 2016; Baregheh et al., 2017).

It is also important to note that innovation in itself is not invention. Omondi et al. (2017) define innovations as changes in products, processes and organizational that do not necessarily originate from novel scientific discoveries. Therefore, inventions per se are not innovations. It is only when inventions are put into practices, for example, mass production of a new product, that it is called innovation. Innovation in an organization represents the core renewal process necessitated by the need to evolve and thrive in the context of a fierce competitive environment (Serna et al., 2018). Therefore, it is both a process and indeed an outcome of exploiting value addition novelty in an economic setup.

Kamaku et al. (2018) investigated how strategic innovation affects bank performance. The study's specific goals were to evaluate the impact of strategic alignment and innovation process management on commercial banks' performance. The research found both innovation process management and strategic alignment having positive influence on the performance. Therefore, these banks retained their competitiveness through new products and services. Additionally, they were able to align their business strategies with the human resources such that employees owned the strategy implementation process.

Omwanza and Jagongo (2019) looked into the impact of innovation orientation on the National Bank of Kenya's financial performance (NBK). The study explicitly attempted to determine how four innovations—process, technology, market, and value—affect financial performance. Results indicated that the four dimensions of innovation contributed positively and significantly to financial performance.

Chipeta and Muthinja (2018) examined whether financial innovations related to bank performance of branchless banking models based on 42 Kenyan based commercial banks. This scope represented departure from traditional forms of branch - based banking models and examined mobile banking, Internet banking and ATMs. In order to measure banks performance, annual financial reports and CBK supervision reports were used to provide secondary data. Banking industry sector was used as the control variable to make the study more realistic. The results showed that financial innovation (mobile banking) of the banks positively affected their financial performance, hence dominating Internet banking and ATMs.

Cherutich et al. (2016) looked into how financial innovation affected the operation of Kenyan commercial banks between 2008 and 2013. The financial innovations were measured through the values of the following: RTGS transfers, EFTs cleared and cheques cleared. The study regressed financial performance on the three latter forms of financial innovations in a linear model. The results showed that three aspects of financial innovation considerably enhanced 44 commercial banks' financial position.

Mah et al. (2018) looked into how organizational learning and innovation affected the success of SMEs in the Malaysian ICT sector. The firm's encouragement and support of new product introduction and new market creation was defined as organizational learning. On the other hand, organizational innovation took three forms: technological (product, process, and service), market (pricing, promotion, and location), and administrative innovation (strategy, structure, systems, and culture). The research established that organizational learning had a substantial influence on innovation capabilities and that innovation was linked to business performance.

Omondi et al. (2017) investigated effect of innovation as a mediator between organizational structure and Kenyan commercial banks' performance. The study covered forty-three registered commercial banks. Operational structure was operationalized with centralization, formalization and flexibility. Products, processes and systems operationalized innovation. Organizational performance was operationalized by ROA, PBT, customer satisfaction and market share. There was no evidence of a mediation effect from innovation due to the study's insignificant statistical link between organizational structure and performance (Baron & Kenny, 1986). Furthermore, organizational structure did not have a significant relationship to innovation. Nevertheless, innovation was significantly related to organizational performance.

Karanja (2016) examined how innovation initiatives affected the performance of commercial banks in Kenya. Product, process, market, and stimulus innovation were the tactics examined. The study found that the four techniques had an impact on the banks' profits. Market innovation techniques significantly improved the performance of banks in a positive way. Product innovation strategies through bank's product development resulted to greater bank performance. Process innovation through introduction of ATMs, mobile banking and other technological advances also led to creation of competitive advantages for the banks.

Munywoki (2016) examined, while controlling for the moderator, how innovations in products, marketing, organizations, and processes affected financial success (government policy). The outcome of the empirical analysis established that the collective effect of banks innovations influenced positively to lending institutions' financial performance. However, it was further noted that the financial services industry is not fully dependent on the innovations implemented by the banks.

In order to investigate the impact of innovation on bank performance in Nairobi County, Jerop and Juma (2018) employed a case study of KCB. This study examined the effects of organizational, process, product, and marketing innovation on KCB's performance. According to the findings, which are based on a linear regression model, there is a substantial correlation between KCB's performance and the four categories of strategic innovation employed in the study at a significance level of 5%. Furthermore, the study found that changes in strategic innovation were to blame for 91% of variances in bank performance. Despite a research gap in explaining the extra 10 percent of firm performance, strategic innovation was found to be a major contributor to performance of commercial banks.

Marenge (2018) evaluated the relationship between financial innovation and the financial performance of commercial banks using a quasi-experimental study methodology. Using linear regression analysis, the study investigated how four types of innovations (technological, product, market and process) influenced performance. The findings indicated that the innovative strategies significantly influenced financial performance. Technological innovation was the most significant strategy in enhancing monetary success of the commercial banks.

Market focus and innovation affect competitive advantage and company success, claim

Udriyah et al. (2019). A questionnaire was created as the way of gathering data. In Selangor, Malaysia, 150 textile SMEs make up the sample. The research was analyzed by path analysis in SPSS 20.0. Market orientation and innovation appear to have some positive and significant effects on competitive advantage, according to the study's findings. Market orientation and innovation account for 46.3% of competitive advantage, with other characteristics that were not examined in this study having an influence on the remaining 54.7%. Competitive advantage has a significant and largely positive influence on how well business' function. Business success is significantly influenced by market focus and innovation, both directly and through indirect channels like competitive advantage. 58.4% of a company's success is determined by market orientation, innovation, and competitive advantage, whereas the remaining 41.6% is influenced by other factors that were not included in this study.

The influence of local embeddedness on CSP is examined by Adomako and Tran (2022) in relation to the role of social innovation orientation. The implementation of corporate social responsibility (CSR) is also examined in this study in relation to competitive constraints. Results from 254 Ghana-based businesses show a positive correlation between local links and a focus on social innovation, with the availability of competitive CSR incentives serving as a moderator in this relationship. Additionally, social innovation orientation is found to modulate the effect of local embeddedness on CSP. The processes by which local embeddedness affects CSP are examined in these studies, which add to the body of knowledge on CSR.

The link between a company's strategic orientation, marketing management in terms of marketing mix techniques, and innovation performance was examined by Adams et al. (2019). Three distinct strategy orientations were examined: customer, combined customer/technology, and technology. They looked at both the interplay between marketing management and the marketing mix, which has a moderating influence, as well as its direct impact on innovation performance. Using a sample of 1,603 French manufacturing enterprises, this study analyzes the hypothesis and finds that companies with a combined customer/technology focus do better than those with only a customer/technology orientation. The study also shows that marketing management positively modifies innovation performance across all orientations, with technology-oriented organizations benefiting most. Finally, this study finds that marketing management has a moderating effect on the relationship between orientation and performance improvement when additional marketing mix components are implemented simultaneously.

Mwangi et al. (2023) used a case study of Family Bank Ltd. to examine the effect of strategic orientation on the performance of Kenyan commercial banks. One of the specific goals of this research is to evaluate the impact of technical, entrepreneurial, and customer orientations on the performance of Kenyan commercial banks. The Mckinsey 7S model, resource-based perspective theory, and contingency theory serve as the foundation for this study. The descriptive research approach served as the study's foundation. All 31 family banks in Nairobi County made up the study's target population. The overall research regression model demonstrates that corporate performance is well predicted by strategic direction. The study came to the conclusion that organizational performance is significantly influenced by strategic direction.

Kimani (2022) makes an effort to examine how innovation orientation affects the performance of in-demand supplier firms in Kenya's telecoms sector. The descriptive and explanatory research approach used in this study is informed by positivism, a research philosophy. There are 688 telecom service providers in the area who are members of the Communications Authority of Kenya. The sample size for this study was 322 businesses/suppliers in Kenya's telecoms sector. For the purpose of this study, firms are chosen at random as samples. A questionnaire was employed to gather first-hand data. Numerous data analysis techniques are employed for the linear regression modeling in this study. The results of the pooled models demonstrate that 61.3% of supplier performance in Kenya's telecommunications industry is accounted for by innovation intention, infrastructure for innovation, and intention to maintain innovation. The regression coefficient of innovation intention has the largest positive and significant impact on supplier performance in the telecommunications industry, followed by the infrastructure innovation coefficient, which also has a positive and significant impact on supplier performance, in the large and significant relationship between these two variables. Competitive strategy modifies the relationship between innovation orientation and supplier organizational performance in the Kenyan telecommunications sector.

2.3.3 Organizational Commitment and Innovation Orientation

Serna et al. (2018) empirically studied innovation in SMEs, investigating whether it was affected by either organizational commitment or learning orientation. Establishing links between organizational commitment and learning orientation, organizational commitment and innovation, and learning orientation and innovation were the specific aims. The study focused on a group of 250 SMEs in Mexico's state of Aguascalientes that operate in the industrial, commercial, and service sectors. Data was gathered quantitatively utilizing a traversal design and questionnaires sent to senior executives and SMEs owners. Organizational commitment was found to be positively connected to learning orientation but adversely related to creativity. Learning orientation was also linked to innovation, according to the research.

Semedo et al. (2016) studied affective organizational commitment, individual innovation behavior and organizational innovative performance. The study targeted 160 employees in a five-star hotel in Antalya, Turkey. Specifically, the study investigated whether affective organizational commitment positively affected individual innovative behavior; whether affective organizational commitment and individual innovative behavior were positively related to organizational innovation performance. Results showed positive association of affective organizational commitment with both individual innovation behavior and organizational innovative behavior. The results also show that individual innovation behavior related positively to organizational innovation performance. The results therefore show that affectively committed employees tend to be more interested in innovative behaviors at work while increasing the level of innovation performance.

Waheed et al. (2019) used a moderated – mediator analysis model to determine the impact of NHRM, innovation and innovative-environment on the innovation performance of semi-government IT organizations in Pakistan. The study hypothesized that: NHRM practices would positively affect innovative performance; innovation would mediate between NHRM practices and innovative performance; innovative-environment would positively moderate between NHRM practices and organizational innovation; innovative- environment moderates the mediation of innovation between NHRM practices and innovative performance. Based on a hierarchical regression, the results found that NHRM practices were significantly and positively linked with organizational performance hence confirming the first hypothesis. The study found that the association between NHRM and performance was totally mediated by organizational innovation.

Finally, the findings revealed that the innovative environment moderates the influence of organizational innovation on NHRM and performance mediation. This study concludes that organizational innovation is positively linked to NHRM practices. Organizational commitment is inherent in the construct NHRM practices. The latter was measured using reward system, employee development and employee involvement which are all indication of organizational commitment. This study therefore agrees with findings from Donald et al. (2016), Serna, et al. (2018) and Gautam (2017).

In order to improve SMEs' operations, Tarigan (2018) looked at the effects of organizational commitment on innovation (process and product) in the Wedoro Waru sub-district of Sidoarjo district, Indonesia. The study results indicated that organizational commitment significantly influenced process innovation. Furthermore, process and product innovations were significantly related to operational performance. Therefore, quality in management innovation leads to product and process innovation (Jackson et al., 2016).

In their study, Perry et al. (2016) looked into how commitment to organizations and to one's career in the science and engineering fields relates to one's innovation orientation. Furthermore, the study investigated how organizational productivity and role experience jointly and severally moderated innovation orientation and organizational/ professional commitment. The study covered academic scientists and engineers based in the United States. The results showed positive association of innovation orientation with both organizational and professional commitment contradicting findings by Serna et al. (2018). It was further established that organizational productivity did not significantly moderate relationship of innovation orientation and organizational/professional commitment. Despite the low significance, it was established that individuals who experienced low productivity had low organizational commitment and high professional commitment.

Rehman et al. (2019) studied organizational learning in SMEs and its effect on innovation, commitment and satisfaction on job. The research did an examination of 136 owners of SMEs in Indonesia which formed the unit of analysis. The findings showed that organizational commitment and creativity were significantly and favorably influenced by both organizational learning and job performance. This study depicts that both organizational commitment and innovation are significant predictors of organization performance albeit being silent on the relationship between the former two constructs.

Alkahtani (2016) focused on the impact of thinking styles on dedication and creativity. The study explored the relationships of thinking styles, commitment and creativity among Chinese employees in an IT company. The study theorized that thinking style (connection) will moderate the connection of organizational commitment and creativity in employees. According to the research, highly devoted workers would have greater creativity when connection levels were high; otherwise, the relationship would be unclear. It was further hypothesized that change could affect creativity therefore affecting employee commitment. The results showed that organizational commitment was a significant predictor to creativity. It was established that organizational commitment positively mediated between employee thinking style of change and creativity. On the contrary, organizational commitment did not moderate between employee thinking style of change and creativity.

In their study, Diala and Ude (2016) evaluated the connections between creativity and support for innovation, change resistance, commitment, and employee motivation. The study was based on IT professionals in the telecom service centers in Minneapolis, USA. Simultaneous multiple linear regression models revealed that creativity, innovation and commitment significantly associated to motivation. However, organizational commitment accounted for much of the variations in employee motivation. Contrary to what Alkahtani (2016) and Tarigan (2016) found, the connection between organizational commitment and job satisfaction was, in fact, inverse (2018). Resistance to change negatively and insignificantly affected employee motivation. Similar to Rehman et al. (2019) the findings of the study indicated that motivation would be predicted from innovation and organizational commitment but were silent on the relationship between the two constructs.

Schaijk (2018) used social exchange theory to examine how affective commitment, organizational citizenship behavior and innovativeness related. Innovative organizational climate moderated between affective commitment and innovativeness. Online questionnaires collected data from 11 countries. The study found no significant correlation between affective commitment and innovativeness based on multiple linear regression, and the same results held true for the moderator, creative organizational climate. These findings are contrary to prior findings that show a favorable and significant relationship between inventive behavior and organizational commitment (Alkahtani, 2016; Perry et al., 2016; Tarigan, 2018). However, the results agree with Serna, Martínez & Domenech (2018) which did not establish significant relationship between commitment and innovation.

The effects of organizational structure on employee creativity and commitment in Iranian towns were studied by Holagh et al. (2014). The data collected from standardized questionnaires was analyzed using Pearson's correlation coefficient and a linear regression model. Statistical analyses revealed that organizational structure and organizational commitment and innovation had favorable and statistically significant correlations. Additionally, research has shown a significant connection between creativity and organizational commitment. This study agrees with other theoretical studies such as Li and

Zheng (2014) which indicate that innovativeness is affected by, inter alia, organizational commitment and leadership.

Wahab et al. (2016) carried out a study of the mediation of commitment between technological characteristics and technology adoption. Using a qualitative approach, information was collected through interviews. The study drew the conclusion that organizational commitment significantly mediated between technological characteristics and computer technology adoption. Findings show that organizational commitment had a significant relation to technology adoption, which in essence is innovation. These findings support social technical systems theory which states that for any technology to take off in an organization, commitment of the users (in this case, employees) is inevitable.

A model describing three causal links between theoretical components was experimentally tested by Serna et al. (2018) in a sample of 250 SMEs in the state of Aguascalientes. The first asks if organizational commitment affects the degree of learning orientation in a positive and substantial way. Second, look into if organizational commitment has a favorable and substantial influence on creativity, and third, look into whether learning orientation has a positive and significant impact on the level of invention. The supplied model, which has a reasonable fit through structural analysis, is validated using a confirmatory model approach. According to the study's findings, organizational commitment has a positive and substantial impact on how learning-oriented a company is, and learning orientation has a positive and significant impact on SME innovation in Aguascalientes. Organizational commitment, however, does not appear to have a sizable beneficial impact on SME innovation in Aguascalientes.

Research by Dukeov et al. (2020) in Russia looked at the connection between an organization's commitment to learning and its receptivity to organizational innovation initiatives. Organizational innovation is broken down into two subcategories for the purpose of sharpening the focus of this study: innovation in management practices and innovation in workplace organizations. The report is based on survey information from 123 top Russian executives who work for manufacturing enterprises. Structural equation modeling was used to examine how an organization's commitment to learning and openness affects its organizational creativity. The study's findings demonstrate that openness and a willingness to learn have a substantial impact on organizational innovation activities in businesses. The results also show that both types of organizational innovation are benefited by a commitment to learning and an open mind.

The study by Sarhan et al. (2020) examined the connection between organizational culture and employee engagement in the Jordanian hospitality industry with a specific focus on the hospitality sector. Data from 248 hotel employees examined the organizational culture of the respondents and how it affected employee engagement. The study's overall finding is that organizational commitment and culture are closely associated. While innovation culture was discovered to be an unpredictable feature of engagement, bureaucratic and supporting culture was verified to be a predictable dimension of engagement.

Colabi (2022) examines the role of CSR, organizational culture, and organizational innovation as well as the role of value co-creation in developing corporate commitment. Additionally, the part organizational culture plays in the connection between organizational commitment and creativity is looked at. When gathering and analyzing data, the program makes advantage of descriptive correlation. Tehran Province's leaders of state organizations make up the statistical population. 357 of them were chosen as statistical samples using the methods for sampling that were available. Shared values and organizational innovation are directly impacted by organizational commitment. Additionally, both directly and indirectly, corporate social responsibility strengthens organizational commitment. The link between organizational commitment and creativity is also moderated by organizational culture.

Erny and Sukotjo (2022) examines how leadership affects commitment, innovation, and performance as well as how innovation affects commitment, innovation, and performance, and how commitment plays a role in mediating the impact of leadership and success. Employee. The 108 employees who worked in 42 Community Health Centers, including 15 in Kendari City and 17 in BauBau City, Southeast Sulawesi Province, were used as a sample in this study. Questionnaires were sent as part of the data gathering process. Based on indicators for each research variable, this study employs descriptive analysis to ascertain the traits of respondents and descriptions of respondents. In the meanwhile, structural equation modeling using the WarpPLS technique was utilized as an inferential analytic tool to examine the relationship between the study variables and the impact model. According to the study's findings, leadership significantly affects commitment, innovation, and performance whereas innovation has a positive and significant influence on both commitment and performance.

2.4 Research Gap

Extensive studies exist on innovation, innovation orientation, organizational commitment and performance of banks. Based on the empirical review in this study, there were congruent studies that showed innovation had a meaningful relationship to organizational performance (Cherutich, et al., 2016; Kamaku et al., 2018; Chipeta & Muthinja, 2018; Mah et al., 2018; Omwanza & Jagongo, 2019). However, there were mixed findings in regards to the relationship between organizational commitment and innovation. For instance, while some studies found organizational commitment and innovation having a less significant relationship (Serna et al., 2018; Schaijk, 2018) others observed positive significant relationship between the two constructs (Alkahtani, 2016; Perry et al., 2016; Wahab et al., 2016; Tarigan, 2018; Holagh et al., 2014). Although employing these characteristics to positively predict organizational performance, other research such as Diala and Ude (2016) and Rehman et al. (2019) were mute regarding the association of organizational commitment and innovation.

There is a dearth of research on the function of organizational commitment in moderating the link between innovation orientation and performance. A number of mediation studies have failed to capture commitment as mediator between innovation orientation and performance (Wahab et al., 2016; Semedo et al., 2016; Waheed et al., 2019). Furthermore, the context in which these mediation studies were based, was not the banking industry. They ranged between SMEs in the IT industry, scientists and engineers, and hotels. In light of this empirical research gap, this study aims to demonstrate the mediating role of organizational commitment on the relationship between innovation orientation and business performance.

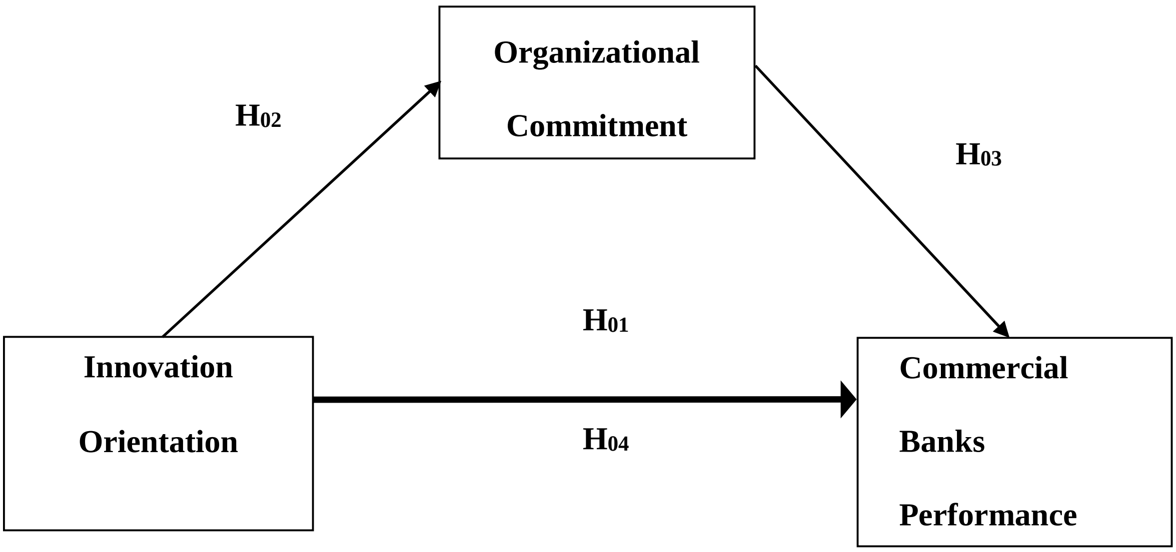
2.5 Conceptual Framework

Figure 2.1 shows in a diagrammatical way of the connection between innovation orientation, organizational commitment and firm performance. The direction of the arrows shows the various relationships, that is: innovation orientation and bank performance; innovation orientation and organizational commitment; organizational commitment and bank performance; and finally, both innovation orientation and organizational commitment against bank performance.

Figure 2.1

Conceptual Framework

Independent variable **Mediating variable** **Dependent variable**



These four relationships follow the mediation model put forward by Baron & Kenny (1986). Based on these relationships, four null hypotheses are derived:

H_{01}: Innovation orientation does not have statistically significant effect on commercial banks' performance in Meru County

H_{02}: Innovation orientation does not have statistically significant effect on organization commitment among commercial banks in Meru County.

H_{03}: Organization commitment does not have statistically significant effect on commercial banks' performance in Meru County.

H_{04}: Organizational commitment does not substantially mediate the connection between innovation orientation and commercial banks' performance in Meru County.

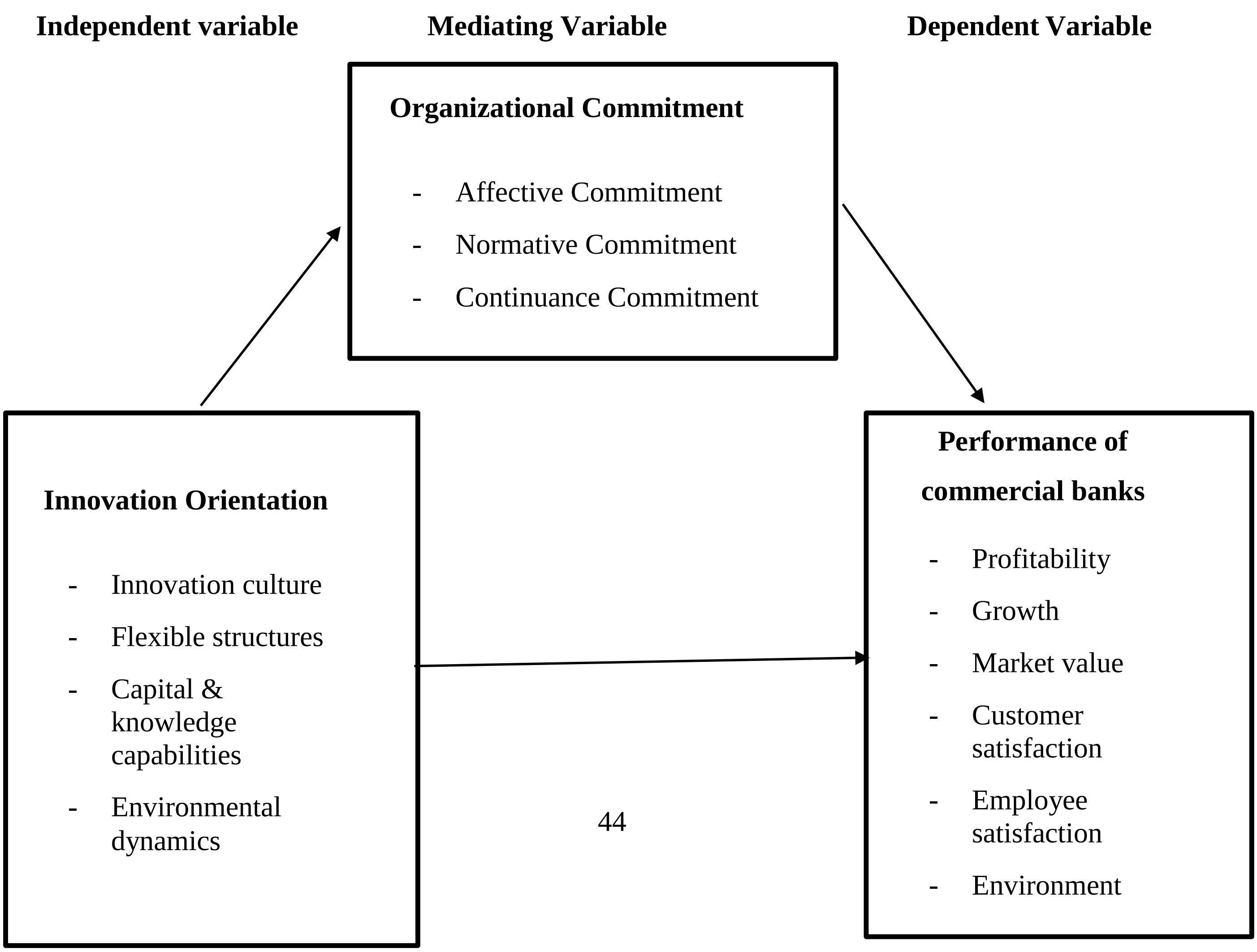
The first three null hypotheses have to be rejected in order to proceed with establishing whether there is a full or partial mediation in the last hypothesis. Partial mediation will occur if the effect of innovation orientation will be reduced when controlled by the effect of organizational commitment.

2.6 Operational Framework

Figure 2.2 presents the operational framework showing the indicators of each variable as adopted in the study.

Figure 2.2

Operational Framework



In this study, innovation orientation was assessed in terms of innovation culture, flexible organizational structures, financial and intellectual resources, and environmental dynamics. Organizational commitment, as measured by affective, normative, and continuation commitment, is the mediating variable. The success of the company, as determined by its profitability, growth, market value, level of customer and staff happiness, and environmental factors, is the dependent variable.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter discussed the research methodology employed by the researcher to meet the objectives of the study.

3.2 Research Philosophy

Research philosophy is the core idea behind how information about a certain phenomenon should be obtained, examined, and applied (Al-Khouri, 2007). In this research, a positivist research philosophy was employed which emphasizes on objectivism. According to Holden and Lynch (2004), the positivistic approach holds that reality is constant and can be examined by making reasonable observations and taking measurements without interfering with the phenomenon being studied. The researched phenomenon should be isolated, according to positivists, and the findings should be reproducible. It suggests, in a sense, that the world and the underlying phenomenon are older than people. As a result, the interaction between man and society is deterministic, and social behavior patterns can be explained by causal laws.

According to the positivistic viewpoint, reality is unchanging and can be examined by making reasonable observations and taking measurements without interfering with the phenomenon being studied (Holden & Lynch, 2004) the research endeavored to determine the relationship between the variables objectively; objectives have been hypothesized; constructs(variables) were measured quantitatively through appropriate parameters; a sufficient sample size was selected after which the result was generalized to the study population (Holden & Lynch, 2004; Al-Khouri, 2007; Kothari, 2013).

3.3 Research Design

Cross-sectional descriptive design was employed to describe the relationship between research constructs as they are at present (Mugenda & Mugenda, 2009; Kothari, 2013). The merit of using descriptive research design is the description of phenomenon, as they exist without manipulation (Kothari, 2013). This allows accuracy in reporting on a set of relationships or in regards to status on subjects of study. The cross-sectional aspect involves studying the phenomenon at a particular time as opposed to longitudinally, over time (Kothari, 2013; Schaijk, 2018). Deductive analysis has shown that there may be a connection between organizational commitment, innovation orientation, and bank performance. This conclusion is based on resource-based theory, social exchange theory, and social technical systems theory.

3.4 Target Population

Population in research is a complete set of elements having common characteristics as established and determined in the research (Kothari, 2013). The entire study population is the target group, from which the researcher expects to extrapolate findings. The target group that the researcher has acceptable access to is a subset of that population (Holden & Lynch, 2004; Mugenda & Mugenda, 2009; Kothari, 2013).

This study had a target population comprising of employees of all commercial banks within Meru County. The accessible population on the other hand included employees of the branches of these banks that are within Meru town municipality. The total number of banks with branches in Meru town municipality is 19 but some banks have more than one branch giving a total of 22 branches. Employees in these branches formed the units of the study. Based on information received from the branch managers of these banks, there were 261 employees distributed across these branches. Table 3.1 shows the distribution of the employees across the 22 branches in Meru town municipality.

Table 3.1

Target Population

NO	Bank Name	Number of Employees
1.	ABC	7
2.	ABSA	24
3.	COOPERATIVE BANK	25
4.	DIAMOND TRUST	6
5.	HOUSING FINANCE	6
6.	KCB -TOWN BRANCH	18
7.	BANK OF AFRICA	6
8.	STANBIC BANK	11
9.	PRIME BANK	7
10.	NCBA	9
11.	FAMILY BANK	15
12.	NATIONAL BANK	13
13.	CONSOLIDATED BANK	10
14.	KCB – MAKUTANO BRANCH	9
15.	STANDARD CHARTERED	5
16.	EQUITY BANK- TOWN BRANCH	27
17.	BANK OF BARODA	5
18.	I&M BANK	8
19.	SIDIAN BANK	7
20.	CREDIT BANK	6
21.	EQUITY BANK- MAKUTANO BRANCH	20
22.	CO-OP BANK – MAKUTANO BRANCH	17
Total		**261**

3.5 Sampling Methodology

Research analysis and inference thereof in this study used data received from a sample of the research population. The latter represents a sub-group of the accessible population (Kothari, 2013). The researcher arrived at the required sample using a simple random sampling design. Kothari (2013) defines sampling design as "a specific plan for selecting a sample from a given population."

3.5.1 Sample Size

Yamane (1967) formula:

$$n = \frac{N}{1 + N(e)^2}$$

Where:

n = sample size

N = population

1 =constant

e = Precision level- 5 percent

$$n = \frac{261}{1 + 261(0.05)^2}$$

n =158

3.5.2 Sample Design

The criteria for selecting a sample from the accessible population was a straightforward random sampling procedure. This technique was appropriate because of the homogeneous nature of the bank employees (Sharma, 2017). The sample was distributed proportionately among the employees of the 22 branches. The technique ensured that every element per branch has an equal possibility of forming part of the sample (Kothari, 2013). Based on the sample size of 158 respondents and the population of 261 participants, the apportioning factor for sample is as follows:

Apportioning factor = 158/261 = 0.61

Table 3.2 shows the sample distribution across the 22 branches based on the apportioning factor above.

Table 3.2

Sampling Frame

NO	Bank	Number of Employees	Sample Size
1	ABC	7	4
2	ABSA	24	15
3	COOPERATIVE BANK	25	15
4	DIAMOND TRUST	6	4
5	HOUSING FINANCE	6	4
6	KCB – TOWN BRANCH	18	11
7	BANK OF AFRICA	6	4
8	STANBIC BANK	11	7
9	PRIME BANK	7	4
10	NCBA	9	5
11	FAMILY BANK	15	9
12	NATIONAL BANK	13	8
13	CONSOLIDATED BANK	10	6
14	KCB – MAKUTANO BRANCH	9	5
15	STANDARD CHARTERED	5	3
16	EQUITY BANK- TOWN BRANCH	27	16
17	BANK OF BARODA	5	3
18	I&M BANK	8	5
19	SIDIAN BANK	7	4
20	CREDIT BANK	6	4
21	EQUITY BANK- MAKUTANO BRANCH	20	12
22	CO-OP BANK – MAKUTANO BRANCH	17	10
	TOTAL	**261**	**158**

3.6 Data Collection Instrument

With the aid of a structured questionnaire, primary data was gathered. The questionnaire asked about the respondents' demographics and their opinions of the study's factors. The surveys were distributed using a straightforward drop-and-pick procedure.

3.7 Measurement

The 18 items used in this study to measure organizational commitment were derived from Allen and Meyer's Organizational Commitment Scale, which included the three aspects of affective, continuation, and normative commitment. Innovation Orientation was measured through 10 items using Simpson et al. (2006) propositions on innovation orientation, and from Bouncken and Koch (2007) scale as adopted by Baregheh et al. (2012). Firm performance was measured using 13 performance dimensions (2 items on profitability, 1 item on market value, 3 items on growth, 3 items on employee satisfaction, 3 items on customer satisfaction and 1 item on products & service) with similar subjective questions as used in the work of Wiklund and Shepherd (2003) and as adopted by Santos and Brito (2012). A 5- point Likert scale was used to measure all the variables.

3.8 Validity and Reliability Test

Reliability test was carried out using Cronbach Coefficient Alpha test. Questionnaires are considered reliable if they give consistent results (Omondi et al., 2017; Mah et al., 2018). A pilot study was carried out and questionnaires issued conveniently to 10 respondents within the accessible population. Cronbach’s index was later computed based on the responses from the pilot test. To assess the reliability of the questionnaire, a coefficient between 0.7 and 1.0 was utilized as the criterion. Reliability however does not confirm the validity of an instrument

(Kothari, 2013). Validity refers to the extent to which data collected by a measuring instrument (in this case, questionnaire) reflects the actual information pertaining to a construct under measurement (Kothari, 2013). Content validity test formed the basis measuring validity of the data collection instrument. It was appropriate because of the relevance of data collected relating to a particular research construct. Content validity was checked against the objectives to confirm the appropriateness of the questions and as guided by the research supervisors.

3.9 Data Analysis and Presentation

A data clean up exercise was carried out on all administered questionnaires that involved sorting out incomplete questionnaires, editing and seeking further clarifications where possible. The cleaned data was coded numerically in SPSS (version 20) which was the software package that aided the researcher in data analysis. The initial part of the analysis involved generating averages (means), frequencies and percentages to summarize and describe the constructs. The second part involved testing linear regression assumption before performing the mediation tests. The linear regression results from SPSS also had inferential statistics that include t-test, F-test and p-values, which formed the basis of concluding on the formulated hypotheses. However, linear regression models were founded on fundamental assumptions which were: The variance is uniform, there are no outliers in the data, no serial correlation exists within the data, the residuals from the linear regression are normal, and the relationship between the independent and dependent variables is naturally linear.

3.9.1 Linear Regression Assumptions

Six linear regression assumptions were tested which are Outliers, Normality, Linearity, Homoscedasticity, and Serial Correlation. Testing these assumptions was to validate the choice of adopting ordinary least squares model estimator. Outliers are identified and unselected prior to testing for the other regression assumptions.

Outliers

Mahalanobis distance was used to determine outliers. An initial regression run generated the M distances based on which outliers were identified. No outlier was identified since each of the observations had probability value greater than 0.001. All the 112 observations were therefore incorporated in subsequent analysis.

Normality

According to McCarthy (2016), normality applies to regression standardized-residuals rather than the variables per se. The regression-standardized residuals were tested for normality using the Kolmogorov-Smirnova statistic, which verifies the validity of the H_0 that the data are normal. Visual plots including Q-Q plots, P-P plots and Histogram of regression corroborated and clarified the conclusion from the Kolmogorov-Smirnova tests.

Linearity

It makes sense to fit a linear model to data that is inherently taking a linear shape. Testing the linearity of the relationship between the predictor variable and the criterion variable is crucial because in this situation, linear regression is susceptible to the impact of outliers. This research used scatter plots of criterion variable against predictors to visually inspect whether there is linearity between them. Scatter plot of regression-standardized residuals was also used to visually inspect the distribution of the residual within the predicted line. ANOVA test provided inferential statistics to qualify information observed through visual inspection.

Homoscedasticity

Homoscedasticity assumption requires that the regression residuals to be spread evenly across the linear regression line. It essentially implies homogeneity of variance of the linear regression residuals. This was evaluated using a plot of the residuals of the standardized regression against the projected values of the standardized regression. The homoscedasticity test was carried out using Levene's test of equality of error variances.

Serial Correlation

Durbin Watson statistics (d) tested for serial correlation. If d is less than two, positive serial correlation is present and if d is more than two, negative serial correlation is present. Linear regression results from SPSS included the Durbin Watson statistic.

3.9.2 Mediation Model

The mediation of organizational commitment between innovation orientation and performance was tested using Baron and Kenny (1986) model. Testing mediation involves four tests, which are also conditions for approving mediation (Kato, 2019).

The explanatory construct (innovation orientation) has an influence on the outcome construct (bank performance), represented as in path (H_{01}) in Figure 2.1 and equation (i). This condition establishes whether there is a significant relationship that may be mediated.

$Y = \beta o + \beta_1 X + \epsilon$ .... (i)

X= Innovation orientation

Y= Performance

ϵ = Error term

The independent variable has an effect on the mediator (organizational commitment), represented as in path (H_{02}) in Figure 2.1 and equation (ii). In this step, mediator is treated as if it were an outcome variable.

$M = \beta o + \beta_1 X + \epsilon$ .... (ii)

Where;

M= Mediating variable (organizational commitment)

The mediator (organizational commitment) has an effect on the dependent variable (firm performance), represented as in path (H_{03}) in Figure 2.1 and equation (iii).

$Y = \beta o + \beta_1 M + \epsilon$ .... (iii)

The effect of the independent variable (innovation orientation) on the dependent variable (performance) diminishes after controlling the effects of the mediator. Represented as in path (H_{04}) in Figure 2.1 and equation (iv).

$Y = \beta o + \beta_1 X + \beta_2 M + \epsilon$ .... (iv)

Innovation orientation is 'fully' mediated if all the four conditions are satisfied and the influence of innovation orientation on performance becomes insignificant in controlling of organizational commitment. However, should the influence of performance remain significant in the presence of organizational commitment, the effects of innovation orientation are "partially" mediated. There is no mediation effect if any of the above conditions are not satisfied (Omondi et al., 2017; Ahmed & Othman, 2017; Teh et al., 2019).

3.10 Ethical Considerations

In order to conduct the study, the researcher requested approval from Kenya Methodist University. Before beginning the data gathering process, the researcher obtained a research permit from NACOSTI. All prospective participants in the survey were issued with introductory letters explaining the purpose of the research and dispelling any cause for worry. Respondents were asked to participate voluntarily by ensuring that informed consent was received prior to participation. To guarantee confidentiality and anonymity, the respondents did not write their names on the questionnaires, and the data they provided would only be utilized for academic purposes. The acquired material was shielded from unauthorized access by a number of security measures, including a password-protected computer database.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 Introduction

The data analysis and presentation of the research findings are presented in this chapter. The conclusions are also examined in light of the data that other researchers in chapter two have provided. The goal of the study was to determine how organizational commitment and the effectiveness of Kenya's commercial banks in Meru County are related to one another. The response rate and reliability results are shown at the beginning of the chapter. The chapter also includes findings pertaining to the respondents' demographic data. Also included are descriptive statistics, regression assumptions and linear regressions.

4.2 Response Rate

Respondents included 158 employees of commercial banks in Meru Regency. A total of 112 of the 158 questionnaires were returned, which corresponds to a 71% success rate. According to Saunders et al. (2009), a response rate of more than 50% was deemed adequate for statistical analysis. Therefore, a 71% response rate was sufficient for further analysis.

4.3 Reliability Statistics Results

To determine how reliable the questionnaire was, a reliability test was conducted. To examine reliability, Cronbach's Alpha, which evaluates an instrument's computed internal consistency, was utilized.

Table 4.1

Reliability Statistic

Constructs	Items	Cronbach's Alpha	Decision
Innovation orientation	10	0.925	Reliable
Organizational commitment	18	0.765	Reliable
Firm performance	13	0.900	Reliable

Table 4.1 indicates that values for each of the variables was higher than 0.7. In particular, innovation orientation had a value of 0.925, organizational commitment had a value of 0.765, and firm performance had a value of 0.9. According to Taber (2018), an instrument's reliability was demonstrated by a Cronbach alpha level of 0.7 or higher. Consequently, the study questionnaire's items were deemed trustworthy for statistical analysis.

4.4 Demographic Information

This section presents findings on the demographic information including work duration and availability of innovation department.

4.4.1 Work Duration

Table 4.2

Duration of Work

	Frequency	Percent
0-5 years	59	52.7
5-10 years	35	31.3
10-20years	17	15.2
Over 20years	1	0.9
Total	112	100

Table 4.2 shows that (59, 52.7%) had worked for 0-5 years, (35, 31.3%) indicated 5-10 years, while (17, 15.2%) cited 10-20 years. This implied that most the respondents had adequate work experience, as such, the information they provided on the subject matter was reliable.

4.4.2 Innovation Department

Table 4.3 presents results on whether the banks have an innovation department/division.

Table 4.3

Innovation Department

	Frequency	Percent
No	16	14.3
Yes	96	85.7
Total	112	100

Table 4.3 reveals that most of the participants (96, 85.7%) reported that the banks had an innovation department, while (16, 14.3%) noted their organization did not have innovation department. Having an innovation department was essential in supporting innovativeness within the organization.

4.5 Descriptive Analysis

This section presents descriptive statistics findings as per the study variables. Specific descriptive statistics include frequency, percentage, mean, and standard deviation.

4.5.1 Innovation Orientation

The research sought to ascertain how commercial banks' performance in Meru County was impacted by their innovation orientation. The statements measuring innovation orientation were rated by the respondents. The scale used was: strongly disagree (1), disagree (2), neutral

(3), agree (4), and strongly agree (5).

Table 4.4

Innovation orientation

Statements on Innovation Orientation	1	2	3	4	5		
	f (%)	**f (%)**	**f (%)**	**f (%)**	**f (%)**	**M**	**SD**
New ideas are encouraged throughout the Bank	12(10.7)	5(4.5)	13(11.6)	42(37.5)	40(35.7)	3.8	1.3
Innovative employees are encouraged and supported by our bank	5(4.5)	9(8)	23(20.5)	36(32.1)	39(34.8)	3.9	1.1
Customer information is collected and used by our bank	12(10.7)	5(4.5)	6(5.4)	45(40.2)	44(39.3)	3.9	1.3
Change is effectively implemented by our Bank	6(5.4)	16(14.3)	18(16.1)	39(34.8)	33(29.5)	3.7	1.2
Consumer information is regularly collected and used by our bank	9(8)	10(8.9)	20(17.9)	39(34.8)	34(30.4)	3.7	1.2
Our bank places innovation at the heart of strategic planning	6(5.4)	7(6.2)	26(23.2)	33(29.5)	40(35.7)	3.8	1.1
Competitor and markets information is collected and used by our bank	7(6.2)	3(2.7)	21(18.8)	45(40.2)	36(32.1)	3.9	1.1
Employees are engaged in shaping an innovative organizational culture in our Bank	11(9.8)	5(4.5)	38(33.9)	23(20.5)	35(31.2)	3.6	1.2
Our bank has a faster rate of innovation than our competitors	4(3.6)	17(15.2)	44(39.3)	27(24.1)	20(17.9)	3.4	1.1
Our bank has adopted a cross-functional style of innovation	0	10(8.9)	30(26.8)	44(39.3)	28(25)	3.8	0.9
Aggregate score						3.8	1.2

Table 4.4 shows that most participants agreed with the majority of the assumptions about innovation orientation. This was corroborated by an aggregate mean of 3.8 and a standard deviation of 1.2. In particular, the participants reported that innovative staff are encouraged and supported by the bank, customer information is collected and used by the bank, and competitor and markets information is collected and used by the bank. Results suggested that bank employees understood the value of an innovation-oriented workplace.

4.5.2 Organizational Commitment

The research sought to determine the effect of innovation orientation on organizational commitment among commercial banks in Meru County. The statements measuring organizational commitment were given to the respondents to score.

Table 4.5

Organizational Commitment

Statements on Organizational Commitment	1 f (%)	2 f (%)	3 f (%)	4 f (%)	5 f (%)	M	SD
Affective commitment							
I would be more than content to work for this bank for the remainder of my career.	16 (14.3)	10(8.9)	35(31.2)	25(22.3)	26(23.2)	3.3	1.3
The issues with this bank seem to be mine.	9(8)	11(9.8)	30(26.8)	42(37.5)	20(17.9)	3.5	1.1
At our bank, I don't feel like "part of the family."	48(42.9)	39(34.8)	16(14.3)	8(7.1)	1(0.9)	1.9	1.0
I don't have any strong feelings for this bank.	39(34.8)	29(25.9)	29(25.9)	9(8)	6(5.4)	2.2	1.2
I have a really deep personal connection to this bank.	2(1.8)	13(11.6)	19(17)	47(42)	31(27.7)	3.8	1.0
I don't really feel like I belong to this bank.	40(35.7)	32(28.6)	20(17.9)	11(9.8)	9(8)	2.3	1.3
Aggregate score						2.8	1.1
Continuance commitment							
Even if I wanted to, it would be very difficult for me to quit my position at this bank right now.	14(12.5)	18(16.1)	32(28.6)	28(25)	20(17.9)	3.2	1.3
If I leave my bank, too much of my life would be disrupted.	15(13.4)	18(16.1)	40(35.7)	25(22.3)	14(12.5)	3.0	1.2
Right now, I need to continue working at this bank more than I want to.	15(13.4)	21(18.8)	32(28.6)	29(25.9)	15(13.4)	3.1	1.2
I don't have many options for leaving this bank.	25(22.3)	23(20.5)	25(22.3)	24(21.4)	15(13.4)	2.8	1.4
If I were to leave my position at this bank, there wouldn't be many opportunities elsewhere.	23(20.5)	19(17)	41(36.6)	22(19.6)	7(6.2)	2.7	1.2
I still work for this bank since leaving would force me to make a lot of sacrifices.	19(17)	19(17)	37(33)	26(23.2)	11(9.8)	2.9	1.2
Aggregate score						3.0	1.2

Normative commitment							
I have no compulsion to stick with my bank.	36(32.1)	31(27.7)	27(24.1)	13(11.6)	5(4.5)	2.3	1.2
I don't think it would be right for me to leave this bank, even if it were to my advantage.	25(22.3)	24(21.4)	31(27.7)	21(18.8)	11(9.8)	2.7	1.3
Should I leave this bank right now, I would feel bad.	25(22.3)	26(23.2)	23(20.5)	20(17.9)	18(16.1)	2.8	1.4
I will be loyal to this bank.	9(8)	6(5.4)	27(24.1)	41(36.6)	29(25.9)	3.7	1.2
I feel obligated to this bank, thus I would not quit it at this time.	17(15.2)	14(12.5)	27(24.1)	29(25.9)	25(22.3)	3.3	1.4
I owe this bank a lot of money.	7(6.2)	9(8)	24(21.4)	40(35.7)	32(28.6)	3.7	1.1
Aggregate score						3.1	1.2

As indicated in Table 4.5, most participants were neutral in relation to most items measuring affective commitment. This was indicated by an overall mean of 2.8 and a standard deviation of 1.1. Notably, the respondents dissented when asked whether they felt like "part of the family" at the bank, whether they were emotionally tied to it, and whether they felt a strong feeling of belonging. The findings implied that generally, the respondents expressed some level of affective commitment to their organization.

Further, majority of the respondents were neutral in relation to most items measuring continuance commitment. This was indicated by an overall mean of 3.0 and a standard deviation of 1.2. The respondents, in particular, disputed assertions that they have few options for leaving the bank, that leaving would result in a lack of suitable alternatives elsewhere, and that leaving the bank would demand a great deal of sacrifice on their behalf. Findings implied that generally, the respondents expressed minimal level of continuance commitment to their organization.

In addition, majority of the respondents were neutral in relation to most items measuring normative commitment. This was indicated by an overall mean of 3.1 and a standard deviation of 1.2. The respondents rejected the assertions that they would feel awful if they left the bank at this time, they have no reason to remain with the bank even if it is in their best interest, and quitting the bank would be the wrong thing to do. Findings implied that generally, the respondents expressed minimal level of normative commitment to their organization.

4.5.3 Descriptive Statistics on Firm Performance

The respondents rated assertions on the firm performance. The respondents were asked to rate the statements measuring firm performance.

Table 4.6

Firm Performance

Statements on Firm Performance	1 f (%)	2 f (%)	3 f (%)	4 f (%)	5 f (%)	M	SD
Our bank offers high-quality goods that satisfy consumer needs.	0	7(6.2)	10(8.9)	40(35.7)	55(49.1)	4.3	0.9
Our customers absorb the costs of our goods.	1(0.9)	2(1.8)	19(17)	35(31.2)	55(49.1)	4.3	0.9
Our bank promptly responds to customer complaints.	3(2.7)	3(2.7)	9(8)	36(32.1)	61(54.5)	4.3	0.9
Our bank's revenue growth over the last three years has been strong in compared to the industry as a whole.	0	4(3.6)	19(17)	48(42.9)	41(36.6)	4.1	0.8
Our net profit increase over the last three years has been strong compared to the situation of the sector as a whole.	4(3.6)	13(11.6)	8(7.1)	44(39)	43(38.4)	4.0	1.1
Our market share gain over the last three years has been strong compared to the situation of the industry as a whole.	0	5(4.5)	11(9.8)	52(46.4)	44(39.3)	4.2	0.8
Our bank is continually innovating our products	0	3(2.7)	14(12.5)	47(42)	48(42.9)	4.3	0.8
Our company ensures prompt delivery of services.	0	0	18(16.1)	38(33.9)	56(50)	4.3	0.7
Our bank is continually innovating our processes	1(0.9)	3(2.7)	19(17)	37(33)	52(46.4)	4.2	0.9
Our bank invests heavily in employee development and training.	1(0.9)	5(4.5)	16(14.3)	40(35.7)	50(44.6)	4.2	0.9
There is an increase in the level of employee satisfaction in our bank	1(0.9)	11(9.8)	28(25)	41(36.6)	31(27.7)	3.8	1.0
Employee turnover in our bank is below the industry average	3(2.7)	10(8.9)	46(41.1)	37(33)	16(14.3)	3.5	0.9
The number of new products and services launched by our bank has increased compared to other industry players.	4(3.6)	7(6.2)	33(29.5)	34(30.4)	34(30.4)	3.8	1.1
Aggregate score						4.1	0.9

Table 4.6 reveals that most of the respondents were in agreement the assertions on firm performance. An overall mean of 4.1 and a standard deviation of 0.9 provided evidence for this. Notably, the participants noted that the bank provides quality products that meet customer requirements, customers accept products’ prices, bank promptly responds to

customer complaints, bank is continually innovating products, company ensures prompt delivery of services, bank is continually innovating processes, bank invests heavily in employee development and training. The findings suggested that workers had a favorable opinion of the commercial banks' performance.

4.6 Linear Regression Assumptions

4.6.1 Outliers

The study used the Mahalanobis distance method to check for outliers. The Mahalanobis distance was produced by running a regression on the dependent variable (firm performance) versus organizational commitment and innovation orientation.

Table 4.7

Mahalanobis distance test of Outliers

Probability values	Observations	Percentage
P>0.001	112	100

Table 4.7 shows that no outlier was identified since each of the observations had probability value greater than 0.001. All the 112 observations were therefore incorporated in subsequent analysis.

4.6.2 Normality

To establish normalcy, the Kolmogorov-Smirnova test was employed. Data is assumed to be regularly distributed when the Asymp. Sig. (2-tailed) > 0.05.

Table 4.8

Kolmogorov-Smirnova tests of Normality

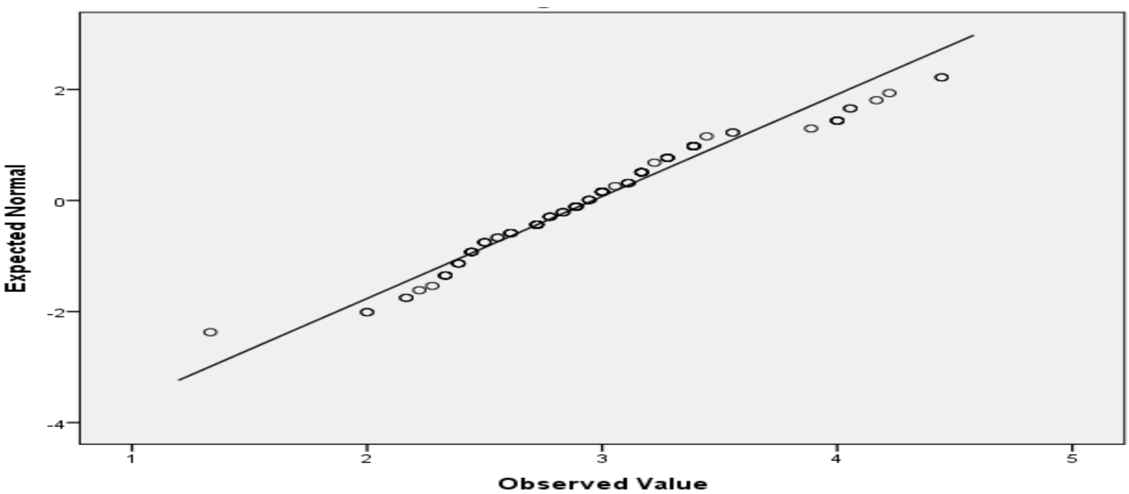
	Kolmogorov-Smirnova		
	Statistic	**df**	**Sig.**
Firm performance	0.106	112	0.073
Innovation orientation	0.09	112	0.057
Organizational commitment	0.102	112	0.106

a Lilliefors Significance Correction

Table 4.8 revealed that firm performance, innovation orientation, and organizational commitment had probability >0.05. As a result, the H0 of the normal distribution was not rejected. This implied that the data for the variables was normally distributed.

Figure 4.1

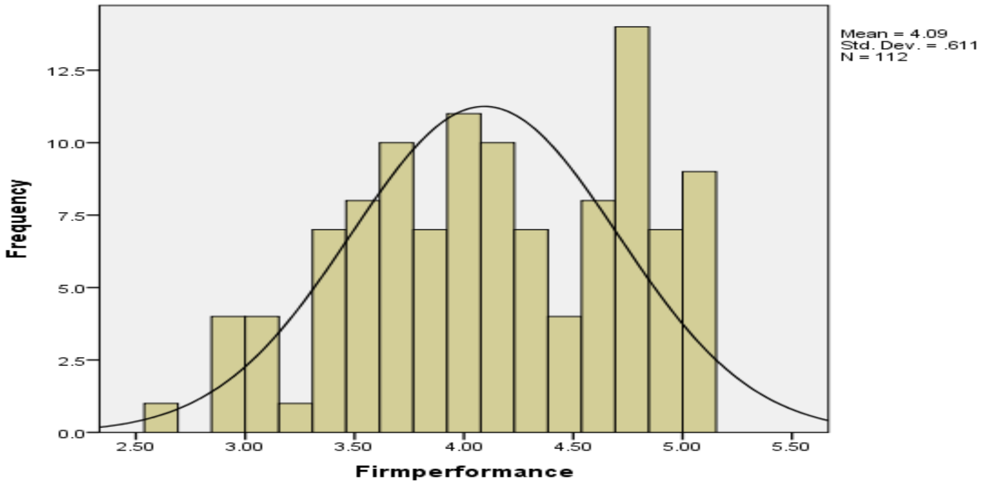
Normal Q-Q Plots



The distribution of the values followed the anticipated normal curve, as shown in Figure 4.1, demonstrating the normality of the data.

Figure 4.2

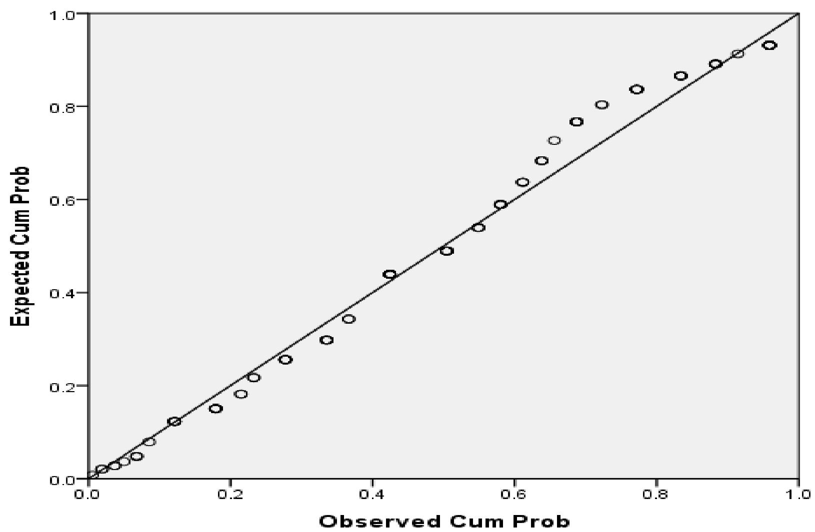
Normality test using Histogram



The residuals are shown to disperse symmetrically and frequently around the zero-residual point in Figure 4.2's standardised residuals histogram. Further visual examination of the normal curve demonstrates that neither outright skewness nor skewness in the data were discernible.

Figure 4.3

Normal P-P Plots



The standard p-p plot, which compares expected cumulative probability to observed cumulative probability, is depicted in Figure 4.3. It displays how closely the cumulative probability values that were seen and those that were anticipated tracked each other. This shows that the standardized residuals have a normal distribution.

4.6.3 Linearity

The research used scatter plots to conduct the linearity test. Figure 4.4 depicts the findings.

Figure 4.4

Innovation orientation and firm performance

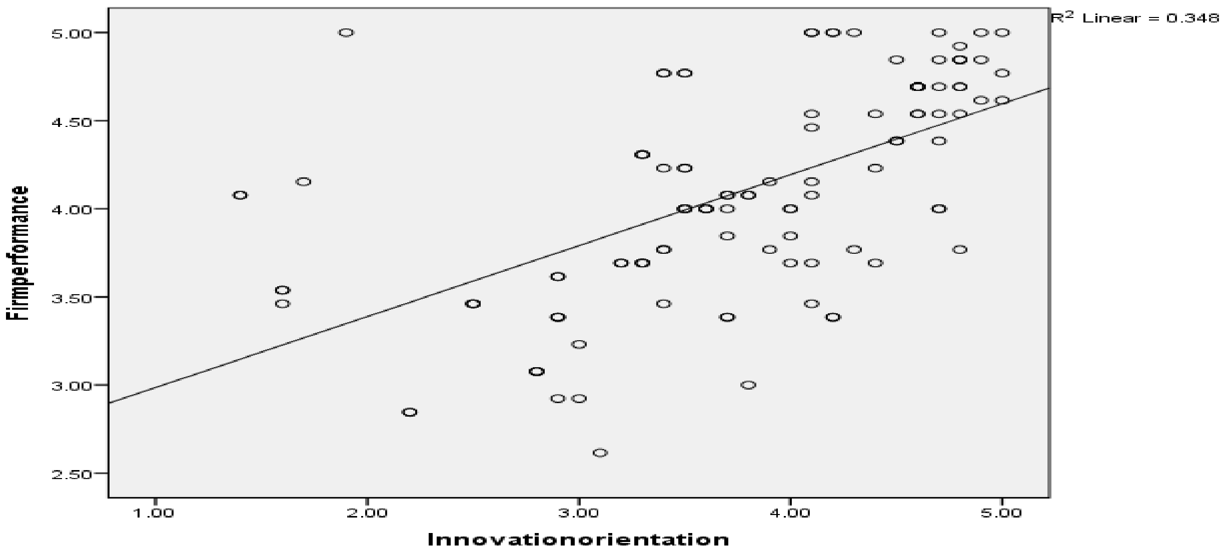
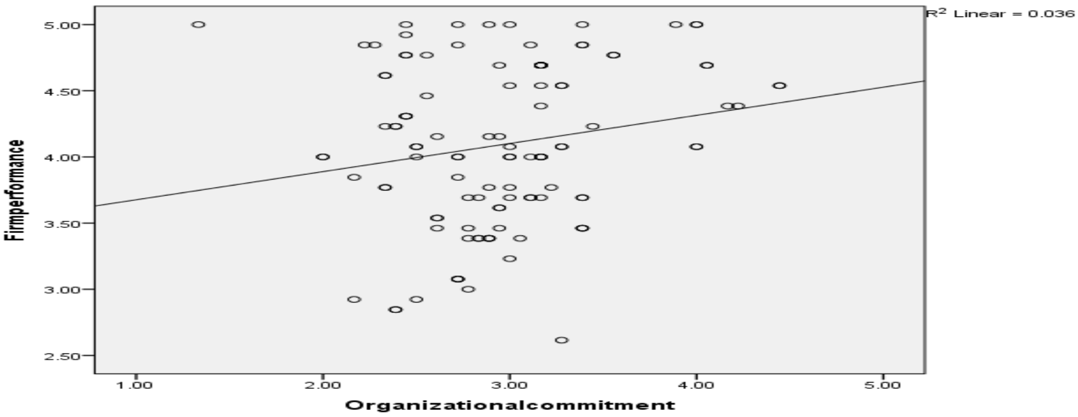


Figure 4.5

Organizational commitment and firm performance



Figures 4.4 and 4.5 show a positive linear association between organizational commitment and company performance and innovation orientation, respectively.

4.6.4 Homoscedasticity

The homoscedasticity test was carried out using Levene's test of equality of error variances.

Table 4.9

Levene' s Test of Equality of Error Variances

Dependent Variable: Y			
F	**df1**	**df2**	**Sig.**
1.971	74	37	0.071

According to the results in Table 4.9, the H0 of constant variance of error terms was not rejected with a probability value of 0.071>0.05. As a result, the residuals' variance was homoscedastic.

4.6.5 Serial Correlation

Table 4.10

Durbin-Watson test of Auto-correlation

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.619a	0.383	0.372	0.48434	2.033

a Predictors: (Constant), Organizational commitment, Innovation orientation
b Dependent Variable: Firm performance

The findings in Table 4.10 indicated a Durbin-Watson value of 2.033, which ranged between 1.5-2.5. The residuals did not exhibit autocorrelation, supporting the null hypothesis. Therefore, autocorrelation was not a problem in this study.

4.7 Testing for the role of organizational commitment as a mediator between innovation orientation and performance of commercial banks in Meru County, Kenya

The Baron and Kenny (1986) model was used to assess whether organizational resources had a mediation role in the link between devolved ministry performance and strategy execution. In order to test for mediation, the study followed the same procedures as (Iacobucci, 2012; Hsu & wang, 2012)

1. How innovation orientation predicts firm performance
2. How innovation orientation predicts organizational commitment
3. How organizational commitment predicts firm performance
4. How innovation orientation and organizational commitment predicts firm performance

To infer a significant mediation effect, all four tests must show significant connections (Baron & Kenny, 1986; Iacobucci, 2012; Hsu & wang, 2012).

4.7.1 Effect of innovation orientation on commercial banks' performance

This is the first relationship to be looked into in accordance with the mediation processes mentioned above. It entails comparing business performance to innovation orientation using a linear regression analysis.

Table 4.11

Model Summary; firm performance against innovation orientation

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.590a	0.348	0.342	0.49565

a Predictors: (Constant), Innovation orientation

Table 4.11 shows that innovation orientation in this study explain 34.2% of variations in firm performance (Adjusted R square= 0.342). These results confirm the moderate link (r=0.590) between innovation orientation and company performance.

Table 4.12

ANOVA; firm performance against innovation orientation

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	14.413	1	14.413	58.67	.000
	Residual	27.024	110	0.246		
	Total	41.437	111			

Table 4.12 reveals a F statistic of 58.67 and a probability value of 0.0000.05. This demonstrated that the proposed model was quite effective (statistically significant) at forecasting the dependent variable.

Table 4.13

Regression Coefficients; firm performance against innovation orientation

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	2.584	0.203		12.753	.000
	Innovation orientation	0.403	0.053	0.59	7.66	.000

a Dependent Variable: Firm performance

Model

Firm performance= 2.584 + 0.59 Innovation orientation

Innovation orientation had a favorable and substantial impact on company performance, as shown in Table 4.13 (=0.59, p0.05). This suggested that an increase in innovation orientation of just 0.59 units would improve firm performance. Therefore, innovation orientation significantly affects firm performance. According to Hsu and wang (2012), this suggests that there may be an effect that can be mediated. The findings led to the rejection of the null hypothesis (H01), which asserted that innovation orientation does not have a statistically significant effect on the performance of commercial banks in Meru County.

The findings concur with Kamaku et al. (2018) claim that innovation orientation positively influence firm performance. The outcomes also supported Omwanza and Jagongo (2019) finding that innovation has a positive and significant contribution to business performance. Jerop and Juma (2018) also established that innovation was significantly related to performance. Further, the findings agreed with Marenge (2018) observation that innovative strategies significantly influence firm success.

4.7.2 Effect of innovation orientation on Organizational Commitment

The second regression entails examining the connection between the independent construct (innovation orientation) and the mediator (organizational commitment), in accordance with the mediation processes.

Table 4.14

Model summary; organizational commitment against innovation orientation

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.004a	0.000016	-0.009	0.54666

a Predictors: (Constant), Innovation orientation

Table 4.14 shows that innovation orientation in this study explain 0.002% of variations in organizational commitment (R squared= 0.000016). These findings support correlation results (r=0.004), which indicated a negligible association between innovation orientation and organizational commitment.

Table 4.15

ANOVA; organizational commitment against innovation orientation

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	0	1	0	0.001	.970b
	Residual	32.873	110	0.299		
	Total	32.873	111			

Table 4.15 shows a probability value of 0.970> 0.05 and F statistic of 0.001. It was inferred from this that the proposed model was inadequate (statistically insignificant) for forecasting the outcome variable.

Table 4.16

Regression Coefficients; organizational commitment against innovation orientation

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	2.952	0.223		13.212	0.000
	Innovation orientation	0.002	0.058	0.004	0.038	0.970

Table 4.16 shows innovation orientation had a favorable but insignificant effect on organizational commitment (β=0.004, p>0.05). Therefore, innovation orientation does not significantly affect organizational commitment. According to Hsu and wang (2012), this suggests that there are no effects that can be mediated. Results led to (H02) being accepted, which states that organizational commitment among commercial banks in Meru County is not statistically significantly influenced by innovation orientation.

These findings disagreed with Semedo et al. (2016) assertion that individual innovation behavior relates positively to organizational commitment. Further, the results contradicted Perry et al. (2016) work that showed positive and significant association of innovation orientation with organizational commitment.

4.7.3 Effect of Organizational Commitment on commercial banks' performance

The relationship between organizational commitment and the performance of commercial banks was examined as the third condition of the mediation test. Results are presented below.

Table 4.17

Model summary; firm performance against organizational commitment

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.189a	0.036	0.027	0.60264

a Predictors: (Constant), Organizational commitment

Table 4.17 shows that organizational commitment in this study explain 2.7% of variations in firm performance (Adjusted R square= 0.027). These findings support correlation results (r=0.189), which indicated a weak association between organizational commitment and firm success.

Table 4.18

ANOVA; firm performance against organizational commitment

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.487	1	1.487	4.095	.045b
	Residual	39.95	110	0.363		
	Total	41.437	111			

a Dependent Variable: Firm performance
b Predictors: (Constant), Organizational commitment

Table 4.18 shows a F statistic of 4.095 and a probability value of 0.045 to 0.05. This meant that the proposed model has a high degree of statistical significance (accuracy) in predicting firm performance.

Table 4.19

Regression Coefficients; firm performance against organizational commitment

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	**Std. Error**	**Beta**	**t**	**Sig.**
1	(Constant)	3.464	0.316		10.95	0.000
	Organizational commitment	0.213	0.105	0.189	2.024	0.045

a Dependent Variable: Firm performance

Model

Firm performance= 3.464 + 0.189 Organizational Commitment

Table 4.19 reveals that organizational commitment had a favorable and substantial influence on firm performance ($\beta=0.189$, $p<0.05$). This implied that a marginal increase in organizational commitment increases firm performance by 0.189 units. Therefore, organizational commitment significantly affects firm performance. According to Hsu and wang (2012), this suggests that there may be an effect that can be mediated. Results led to (H03), which stated that organizational commitment in Meru County has no statistically significant impact on the performance of commercial banks.

These findings are consistent with Hafiz (2017) who found that organizational commitment significantly relates to organizational performance. Similarly, the results confirmed Ahmed et al. (2018) argument that organizational commitment substantially determine firm success.

4.7.4 Effect of Innovation Orientation, Organizational Commitment on commercial banks' performance

After adjusting for the impact of organizational commitment, the fourth condition of the mediation comprised investigating the link between innovation orientation and business performance. According to Hsu & wang (2012), there is a mediation effect if the impact of innovation orientation on company performance is reduced after accounting for organizational commitment. However, there cannot be a major mediation effect because one criterion (second testing) has already been broken.

Table 4.20

Model summary; firm performance against innovation orientation and organizational commitment

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.619a	0.383	0.372	0.48434

a Predictors: (Constant), Organizational commitment, Innovation orientation

Table 4.20 indicates that jointly, innovation orientation and organizational commitment in this study explain 37.2% of variations in firm performance (Adjusted R square= 0.372). These findings support correlation results (r=0.619), which indicated a moderate association between innovation orientation, organizational commitment and firm performance. ANOVA results are shown in Table 4.21.

Table 4.21

ANOVA; firm performance against innovation orientation and organizational commitment

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	15.868	2	7.934	33.821	.000b
	Residual	25.57	109	0.235		
	Total	41.437	111			

a Dependent Variable: Firm performance
b Predictors: (Constant), Organizational commitment, Innovation orientation

Table 4.21 has a F statistic of 33.821 and a probability value of 0.000 0.05. This suggested that the proposed model was quite effective (statistically significant) at forecasting the dependent variable.

Table 4.22

Regression coefficients; firm performance against innovation orientation and organizational commitment

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	**Std. Error**	**Beta**	**t**	**Sig.**
1	(Constant)	1.963	0.318		6.164	0.000
	Innovation orientation	0.402	0.051	0.589	7.83	0.000
	Organizational commitment	0.21	0.084	0.187	2.49	0.014

a Dependent Variable: Firm performance

Model

Firm performance= 1.963 + 0.589 Innovation orientation +0.187 Organizational Commitment

According to Table 4.22, organizational commitment and innovation orientation both had positive and substantial effects on company performance (β =0.187, $p<0.05$ and β =0.589, $p<0.05$, respectively). This implied that a marginal increase in innovation orientation and organizational commitment increases firm performance by 0.589 and 0.187 units respectively. Therefore, jointly, innovation orientation and organizational commitment significantly affects firm performance.

Before the mediation effect, the initial impact of innovation orientation on the performance of commercial banks was 0.59. After mediation, the effect dropped, as indicated by the value of 0.589. As the study hypothesized, there was a mediation effect. H04 that organizational commitment does not significantly mediate the relationship between innovation orientation and the success of commercial banks in Meru County, was not, however, rejected because the second mediation condition was broken.

The finding refuted assertion by Teh et al. (2019) that organizational commitment mediates between job satisfaction and organizational culture. According to the study, there is a strong positive correlation between work satisfaction and organizational commitment, as well as between the two of these factors.

Table 4.23

Summary of Mediation Findings

	Analysis	**P value**	**Verdict**
Step 1	Firm performance against Innovation orientation	0.000<0.05	Significant
Step 2	Organizational commitment against Innovation orientation	0.970>0.05	Not significant
Step 3	Firm performance against Organizational commitment	0.045<0.05	Significant
Step 4	Firm performance against Innovation orientation and Organizational commitment	0.000<0.05 0.014<0.05	Significant Significant

4.7.5 Conclusion of Mediation Test

The association between innovation orientation and commercial bank performance in Meru County was not mediated by organizational commitment, according to an analysis of each of the four criteria of the mediation test proposed by Baron and Kenny (1986) model. Since the second condition was violated during the mediation stage, the study indicates that organizational commitment does not significantly mediate the relationship between innovation orientation and the performance of commercial banks in Meru County.

CHAPTER FIVE

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

5.1 Introduction

The findings, conclusions and recommendations of the study are enumerated in this chapter. The study's goal was to examine the connection between corporate commitment and the efficiency of Kenya's Meru County's commercial banks. In this study, a cross-sectional descriptive design was used. Commercial banks with operations in Kenya, specifically those with representation in Meru County, made up the study's sample. In Meru County, it targeted 261 workers from all commercial banks. The sample size of 158 employees was determined using a straightforward random sampling approach. Data collection instrument was closed-ended questionnaires, which was filled by sampled respondents. Data analysis was done using descriptive statistics and regression analysis.

5.2 Summary of Major Findings

The performance of commercial banks in Meru County was the primary subject of this study. The respondents noted that the banks provide quality products that meet customer requirements, customers accept products' prices, promptly responds to customer complaints, and continually innovates products. Further, the banks ensured prompt delivery of services, continually innovates processes, and invests heavily in employee development and training.

5.2.1 Innovation Orientation and Firm Performance

The first objective of the study was to determine the effect of innovation orientation on commercial banks' performance in Meru County. Most of the respondents agreed that innovative employees are encouraged and supported by the bank, customer information is collected and used by the bank, and competitor and markets information is collected and used by the bank. Findings denoted that the banks' employees acknowledged the importance of innovation orientation in the organization. The results of the correlation study revealed a moderate association between corporate success and innovation attitude ($r=0.590$). The innovation orientation explained 34.3% of variability in firm performance, according to the R adjusted squared of 0.342. Regression coefficient data (=0.59, p0.05) showed that innovation orientation has a positive and significant impact on business performance. The findings led to the rejection of the null hypothesis (H01), which asserted that innovation orientation does not have a statistically significant effect on the performance of commercial banks in Meru County.

5.2.2 Innovation Orientation and Organizational Commitment

The study's second goal was to ascertain how innovation orientation affected organizational commitment among Meru County's commercial banks. The results of the correlation showed that there was only a weak relationship ($r=0.004$) between organizational commitment and innovation orientation. The R squared of 0.000016 indicated that innovation orientation explained 0.002% of variations in organizational commitment. Findings from the regression coefficient suggested that organizational commitment was positively but not significantly influenced by innovation orientation ($p>0.05$). The findings led to the null hypothesis (H02) being accepted, which states that among commercial banks in Meru County, innovation orientation has no statistically significant impact on organizational commitment.

5.2.3 Organizational Commitment and Firm Performance

The final goal of the study was to ascertain how organizational commitment affected the performance of commercial banks in Meru County. The respondents dissented when it was claimed that they did not feel like "part of the family" at the bank, that they were not emotionally connected to the institution, and that they did not have a strong sense of belonging to it. The respondents disputed assertions that they would have few options if they decided to leave the bank, that there wouldn't be many other places they could work, and that leaving the bank would take a lot of sacrifice on their part. The claims that the respondents did not feel any need to stay with the bank, even if it was advantageous to them, that they did not think it would be ethical to leave the bank, and that they would feel terrible if they did not stay with the bank were not accepted by the respondents.

The results of the correlation showed that there was only a weak relationship ($r=0.189$) between organizational commitment and innovation orientation. The organizational commitment explanation accounted for 2.7% of variability in company performance, according to the corrected R squared of 0.027. Organizational commitment significantly and favorably affects business performance, according to regression coefficient data ($\beta=0.189$, $p=0.05$). The results led to the rejection (H03), which asserted that organizational commitment had no statistically significant effect on the performance of commercial banks in Meru County.

5.2.4 Innovation Orientation, Organizational Commitment and Firm Performance

The study's fourth goal was to ascertain how organizational commitment affected the performance of commercial banks in Meru County in relation to innovation orientation. The results of the correlation research revealed that organizational commitment, innovation orientation, and business success have a moderate association ($r=0.619$). The adjusted R squared of 0.372 indicated that jointly, innovation orientation and organizational commitment explain 37.2% of variations in firm performance. Innovation orientation has a favorable and substantial impact on company performance, according to regression coefficient data (β =0.589, p0.05), and organizational commitment significantly and favorably impacted firm performance (β=0.187, p=0.05). Hence, jointly, innovation orientation and organizational commitment significantly affects firm performance. Since the second condition was violated in the mediation step, (H04) that organizational commitment does not substantially mediate the connection between innovation orientation and commercial banks' performance in Meru County was not rejected.

5.3 Conclusion

The results of the study showed that innovation orientation significantly and favorably affected business performance. The implication is that commercial banks in Meru County, Kenya, perform much better when they are innovatively oriented. The key aspects relating to innovation orientation were employee innovativeness, customer, competitor and markets information innovation.

The study also found that organizational dedication has a positive and significant impact on business performance. The implication is that organizational commitment contributes significantly to performance of commercial banks in Meru County, Kenya. Affective commitment, normative commitment, and continuation commitment were the main factors contributing to organizational commitment.

The study further concluded that jointly, innovation orientation and organizational commitment significantly affects firm performance. Due to a violation of the second requirement for mediation, the study discovered that organizational commitment did not significantly mediate the relationship between innovation orientation and the performance of commercial banks in Meru County.

5.4 Recommendations

The report recommended that bank management enhance their initiatives to promote innovation. The programs should specifically focus on key aspects including employee innovativeness, customer, competitor and markets information innovation. This will boost innovation orientation translating to enhanced firm performance.

The research recommended the need for bank management to strengthen their organizational commitment policy. The key areas to be streamlined include affective, normative and continuance commitment. This will boost organizational commitment translating to enhanced firm performance.

The study recommended that bank management create policies and procedures that link organizational commitment and innovation orientation. These aspects when properly combined have the potential to enhance overall firm performance.

5.5 Suggestions for Further Research

The study looked at how organizational commitment mediated the relationship between commercial banks' performance and innovation orientation in Meru County, Kenya. The findings revealed that organizational commitment does not substantially mediate the connection between innovation orientation and commercial banks' success. Future studies should consider other mediating variables such as organization culture.

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APPENDICES

Appendix I: Cover Letter

Ann Kamau

C/O Kenya Methodist University

P O Box 267-60200

MERU

Dear respondent,

RE: REQUEST FOR COMPLETION OF QUESTIONNAIRES

I am a student at Kenya Methodist University pursuing a Master’s Degree in Business Administration. I am conducting a study on the mediating effect of organizational commitment on the relationship between innovation orientation and performance of commercial banks in Meru County. This is in partial fulfilment for the award of Masters’ Degree in Business Administration. I am therefore writing to request you to assist me in the study by filling the questionnaires provided.

Your co-operation will be highly appreciated.

Thank you in advance.

Yours faithfully,

Ann Kamau

Appendix II: Questionnaire

Kindly answer the following questions by ticking in the appropriate box or filling the spaces provided. The information provided will be treated in confidence.

PART 1: GENERAL INFORMATION

1. Position of the respondent: ....

2. How long have you worked in your bank? [a] 0-5 years [ ] [b] 5-10 years []

[c] 10-20years [ ] [d] Over 20years [ ]

3. Does the bank have an innovation department/division? Yes [ ] No []

PART B: INNOVATION ORIENTATION

To what extent do you agree with the following statements on innovation orientation in regard to your bank.

Use the scale of 1-5 where: 1= Strongly Disagree 2 = Disagree, 3 = Neutral4 = Agree 5= Strongly Agree

	Statements on Innovation Orientation	1	2	3	4	5
4	New ideas are encouraged throughout the Bank					
5	Innovative employees are encouraged and supported by our bank					
6	Customer information is collected and used by our bank					
7	Change is effectively implemented by our Bank					
8	Consumer information is regularly collected and used by our bank					
9	Our bank places innovation at the heart of strategic planning					
10	Competitor and markets information is collected and used by our bank					
11	Employees are engaged in shaping an innovative organizational culture in our Bank					
12	Our bank has a faster rate of innovation than our competitors					
13	Our bank has adopted a cross-functional style of innovation					

PART C: ORGANIZATIONAL COMMITMENT

To what extent do you agree with the following statements on organizational commitment in regard to your bank.

Use the scale of 1-5 where: 1= Strongly Disagree 2 = Disagree, 3 = Neutral 4 = Agree 5= Strongly Agree.

	Statements on Organizational Commitment	1	2	3	4	5
	Affective commitment					
14	I would be very happy to spend the rest of my career in this bank.					
15	I feel as if this bank's problems are my own					
16	I do not feel like ''part of the family" at our bank.					
17	I do not feel emotional attached to this Bank					
18	This bank has a great deal of personal meaning to me					
19	I do not feel a strong sense of belonging to this bank.					
	Continuance commitment					
20	It would be very hard for me to leave my job at this bank right now even if I wanted to.					
21	Too much of my life would be disrupted if I leave my bank.					
22	Right now, staying with my job at this bank is a matter of necessity as much as desire.					
23	I have very few options to consider leaving this bank					
24	The consequence of leaving my job at this bank would be the scarcity of available alternatives elsewhere.					
25	I continue to work for this bank since leaving would require considerable personal sacrifice.					
	Normative commitment					

26	I do not feel any obligation to remain with my bank.					
27	Even if it were to my advantage, I do not feel it would be right to leave this bank.					
28	I would feel guilty if I left this bank now.					
29	This bank deserves my loyalty.					
30	I would not leave this bank right now because of my sense of obligation to it.					
31	I owe a great deal to this bank.					

PART D: FIRM PERFORMANCE

To what extent do you agree with the following statements on firm performance in regard to your bank.

Use the scale of 1-5 where: 1= Strongly Disagree 2 = Disagree, 3 = Neutral 4 = Agree 5= Strongly Agree.

	Statements on Firm Performance	**1**	**2**	**3**	**4**	**5**
32	Our bank provides quality products that meet customer requirements.					
33	Our customers accept our products' prices.					
34	Our bank promptly responds to customer complaints.					
35	In comparison with the general state of the industry, our bank revenue growth over the past three years has been good.					

36	In comparison with the general state of the industry, our net profit growth over the past three years has been good.					
37	In comparison with the general state of the industry, our market share growth over the past three years has been good.					
38	Our bank is continually innovating our products					
39	Our company ensures prompt delivery of services.					
40	Our bank is continuously innovating our processes					
41	Our bank invests heavily in employee development and training.					
42	There is an increase in the level of employee satisfaction in our bank					
43	Employee turnover in our bank is below the industry average					
44	The number of new products and services launched by our bank has increased compared to other industry players.					

APPENDIX III: RESEARCH LETTER

KENYA METHODIST UNIVERSITY

P. O. Box 267 Meru - 60200, Kenya
Tel: 254-064-30301/31229/30367/31171

Fax: 254-64-30162
Email: deanrd@kemu.ac.ke

DIRECTORATE OF POSTGRADUATE STUDIES

February 14, 2022

Commission Secretary,
National Commission for Science, Technology and Innovations,
P.O. Box 30623-00100,
NAIROBI.

Dear sir/ Madam,

ANN NJAMBI KAMAU (BUS-3-0856-1/2017)

This is to confirm that the above named is a bona fide student of Kenya Methodist University, Department of Business Administration , undertaking a Degree of Master of Business Administration. She is conducting research on, **'Innovation Orientation and Firm Performance: The Role of Organizational Commitment among commercial Banks in Meru County, Kenya'.**

We confirm that her research proposal has been defended and approved by the University.

In this regard, we are requesting your office to issue a permit to enable her collect data for her research.

Any assistance accorded to her will be appreciated.

Thank you.

14 FEB 2022

Dr. John Muchiri, PHD.
Director Postgraduate Studies

Cc: Dean, SBUE
COD, Business Administration
Postgraduate Co-ordinator
Supervisors

APPENDIX IV: NACOSTI PERMIT

REPUBLIC OF KENYA

NACOSTI

NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Ref No: **527161**

Date of Issue: **25/February/2022**

RESEARCH LICENSE

This is to Certify that Ms.. Ann Njambi Kamau of Kenya Methodist University, has been licensed to conduct research in Meru on the topic: INNOVATION ORIENTATION AND FIRM PERFORMANCE: THE ROLE OF ORGANIZATIONAL COMMITMENT AMONG COMMERCIAL BANKS IN MERU COUNTY, KENYA for the period ending : 25/February/2023.

License No: **NACOSTI/P/22/15910**

527161

Applicant Identification Number

Director General
NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Verification QR Code

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