STRATEGY IMPLEMENTATION AND PERFORMANCE OF COMMERCIAL BANKS IN KENYA

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DECLARATION

I declare that this thesis is my original work and has not been presented in any other university

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DEDICATION

This work is dedicated to my family, whose unwavering support and encouragement have been the foundation of my academic journey. To my parents, for instilling in me the value of education and resilience, and to my spouse and children, for their patience and love throughout this process.

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ABSTRACT

The financial health of Tier One commercial banks in Nairobi County has been challenged by operational inefficiencies, regulatory compliance issues, and the need for technological adaptation. Despite demonstrating strong financial performance, these banks faced rising operational costs, increasing competition, and a growing burden of non-performing loans, factors that necessitated strategic innovation to maintain market dominance. This study aimed at evaluating the effect of strategy implementation on the performance of Tier One commercial banks in Nairobi County, Kenya. Specifically, the study: examined the effect of resource allocation on bank performance; assessed the influence of leadership style; determined the effect of organizational structure; and evaluated the impact of attention to technological requirements. The research was grounded in the Resource-Based View (RBV), Dynamic Capabilities Theory, and Transformational Leadership Theory, providing an integrated theoretical foundation for understanding how strategic components interact to influence performance outcomes. The study adopted a descriptive research design. The population comprised 263 senior and middle-level managers across 11 Tier One banks, from which a purposive sample of 88 respondents from 8 banks was selected. Primary data were collected using structured questionnaires and analysed with SPSS Version 26.0. Descriptive, diagnostic and inferential statistics were used; inferential procedures included Pearson correlation analysis, analysis of variance (ANOVA) and multiple linear regression to determine the independent contributions of each strategy variable. At the bivariate level, significant correlations were observed between bank performance and Resource Allocation ($r = 0.630$, $p < 0.001$) and Attention to Technological Requirements ($r = 0.644$, $p < 0.001$). Leadership Style showed a positive correlation with performance ($r = 0.357$, $p = 0.002$), while Organizational Structure correlated negatively but not significantly ($r = -0.187$, $p = 0.113$). Multiple linear regression results indicated that the model explained a substantial proportion of variance in performance ($R = 0.747$; $R^2 = 0.558$; Adjusted $R^2 = 0.532$; Std. Error = 0.44660). Regression coefficients were: Resource Allocation ($B = 0.332$, $\beta = 0.389$, $t = 3.905$, $p < 0.001$); Leadership Style ($B = 0.056$, $\beta = 0.048$, $t = 0.510$, $p = 0.611$); Organizational Structure ($B = -0.093$, $\beta = -0.081$, $t = -0.951$, $p = 0.345$); and Attention to Technological Requirements ($B = 0.471$, $\beta = 0.436$, $t = 4.680$, $p < 0.001$). These results show that Resource Allocation and Technological Requirements were the strongest and statistically significant predictors of performance in the combined model, whereas Leadership Style and Organizational Structure did not contribute significantly when all variables were considered simultaneously. The study concluded that an integrated strategic approach is required to optimise bank performance: prioritising investments in technology and ensuring flexible, strategic resource allocation are critical; leadership effectiveness should be aligned with these investments for maximum impact; and structural misalignments should be addressed to avoid undermining strategic execution. The study recommends targeted leadership development, greater investment in adaptable digital infrastructure, agile resource-allocation frameworks, and periodic structural reviews to enhance strategic fit. Future research could examine the mediating or moderating role of organisational culture and the long-term effects of emerging fintech on strategy implementation and performance in the banking sector.

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LIST OF ABBREVIATIONS

ROE	**:**	Return on Equity
CBK	**:**	Central Bank of Kenya
KCB	**:**	Kenya Commercial Bank
NPL	**:**	Non-Performing Loan
NPS	**:**	Net Promoter Score
OST	**:**	Organizational Structure Theory
R&D	**:**	Research and Development
RAT	**:**	Resource Allocation Theory
RBT	**:**	Resource-Based Theory
ROA	**:**	Return on Assets
VRIN	**:**	Value, Rarity, Inimitability, Non-substitutability

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Performance of commercial banks is a critical aspect of the financial sector, significantly impacting economic growth and stability (Nguyen & Ben Ali, 2021). As financial intermediaries, commercial banks play a vital role in mobilizing savings, providing credit, and facilitating investment (Kumar & Salimath, 2022). The banking sector in Kenya has undergone significant growth and transformation in recent decades, fueled by globalization, technological innovations, and regulatory reforms (Okiro & Ndungu, 2019). The Central Bank of Kenya has introduced policies designed to improve the resilience and competitiveness of commercial banks, establishing them as crucial contributors to the country's economic development (Rabwet, 2025).

In recent years, the performance of commercial banks in Kenya has been shaped by a range of internal and external factors, such as shifts in market dynamics, shifts in consumer preferences, and increased competition from non-bank financial institutions. As the industry becomes more competitive, banks must focus on improving their performance to sustain profitability and meet customer expectations (Hauner & Peiris, 2011). Key performance indicators such as profitability, customer satisfaction, operational efficiency, and risk management have become essential metrics for assessing bank performance (Nedelescu & Stănescu, 2018).

To enhance their performance, commercial banks are increasingly adopting strategic management practices, including strategy formulation and implementation (Field, 2013). However, research indicates that many banks face challenges in executing their strategies effectively, leading to suboptimal performance outcomes (Rabwet, 2025). Issues such as inefficient resource allocation, poor leadership style, and inadequate attention to technological requirements can hinder the successful implementation of strategic initiatives. This underscores the urgent need to investigate the link between strategy implementation and performance within the banking industry (Kumar & Salimath, 2022).

1.1.1 Global Perspectives on the Performance of Commercial Banks

Worldwide, the performance of commercial banks is shaped by a range of factors, such as regulatory policies, economic conditions, and technological progress. In the United States, banks typically demonstrate robust performance, with return on equity (ROE) averaging between 10% and 12%. They also focus on efficiency ratios, with many institutions maintaining cost-to-income ratios below 60%, benefiting from technological innovations such as fintech integration that enhance customer experience and operational efficiency (González & Hernández, 2023). Canada's banking system is robust, often achieving ROE above 12%. This performance is complemented by low non-performing loan (NPL) ratios around 1% and high capital adequacy ratios, reflecting financial stability. Furthermore, Canadian banks consistently report high customer satisfaction levels, indicating a strong service quality (Brown & Smith, 2022).

Conversely, Spanish banks have seen their ROE recover to approximately 8% to 10%, yet they continue to grapple with profitability and NPL ratios of about 3% to 4%, indicating

ongoing credit risk management issues and declining customer trust (García & Martín, 2023). In Germany, banks frequently encounter lower profitability, with ROE often below 7%, driven by high operational costs and regulatory pressures affecting their overall efficiency, evidenced by cost-to-income ratios exceeding 70%. Japanese banks report ROE ranging from 6% to 7%, facing challenges from a low-interest environment, while maintaining low NPL ratios near 1% (Tanaka & Yamamoto, 2023). In contrast, Chinese banks excel with ROE exceeding 12% and robust asset quality, despite rising NPL ratios around 2%, showcasing resilience in a rapidly evolving market and demonstrating high growth rates in total assets (Li & Zhang, 2022). Overall, while Canadian and Chinese banks lead in profitability and stability, German and Japanese banks face significant challenges, highlighting the diverse landscape of global banking performance.

1.1.2 African Perspectives on the Performance of Commercial Banks

In Africa, the performance of commercial banks differs significantly from one country to another, influenced by local economic factors and regulatory environments. South Africa boasts a well-developed banking sector, with major banks achieving return on equity (ROE) of 15% to 20%, although they face high operational costs and competition from fintech firms (Moyo & Zulu, 2022). Nigeria's banks show resilience with an average ROE of around 12%, aided by improved regulatory measures that have reduced non-performing loan (NPL) ratios to approximately 4% (Afolabi & Oladejo, 2023). In Egypt, banks report ROE levels of around 14%, driven by government support and technological investments, with NPL ratios reduced to about 3% (Hassan & Ibrahim, 2023). Ghana's banking sector is seeing improvements, with ROE around 10% to 12% following recent reforms that

lowered NPL ratios to about 2% (Kyeremeh & Agyeman, 2023). Meanwhile, Tanzania's banks exhibit an ROE of approximately 11%, bolstered by government initiatives promoting digital banking, despite NPL ratios at around 5% (Mhando & Lwande, 2023). Overall, while South Africa and Nigeria demonstrate strong profitability and stability, other nations like Ghana and Tanzania are on promising growth trajectories, highlighting the diverse banking landscape in Africa.

1.1.3 Kenyan Perspectives on the Performance of Commercial Banks

In Kenya, the performance of commercial banks is shaped by a combination of challenges and growth prospects driven by regulatory changes, economic conditions, and technological advancements. The sector has witnessed improved stability, with average return on equity (ROE) hovering around 12% to 15%, driven by enhanced risk management practices and a reduction in non-performing loans (NPLs) to about 5% (Central Bank of Kenya [CBK], 2023). The Central Bank of Kenya's measures to promote financial inclusion and digital banking have significantly contributed to the rise in customer engagement and operational efficiency. For instance, the adoption of mobile banking has enabled banks to reach underserved populations, thereby increasing their customer base and transaction volumes (Chebii et al., 2024). Moreover, banks such as Equity Bank and KCB have been at the forefront of leveraging technology to enhance service delivery, leading to improved customer satisfaction and retention rates. However, the industry still faces challenges such as heightened competition from fintech firms, which have introduced innovative banking solutions that appeal to tech-savvy consumers (Misati et al., 2020). Despite these challenges, the Kenyan banking sector is expected to continue evolving, with

a focus on adopting sustainable practices and embracing digital transformation to enhance overall performance and resilience.

1.1.4 Strategy Implementation Overview

Strategy implementation is a critical process in organizations, often defined by various scholars. According to Hrebiniak (2022), it involves translating strategic plans into actionable outcomes, necessitating the alignment of resources, structure, and culture to achieve strategic objectives. Nwanekezie, et al. (2021) emphasizes that strategy implementation not only entails executing planned strategies but also adapting them to the organization's environmental realities, ensuring alignment across all levels with the strategic vision. Furthermore, Khan et al. (2023) highlight that effective strategy implementation requires coordinated efforts throughout the organization, focusing on communication, resource allocation, and performance monitoring to ensure successful execution of strategic plans. These definitions collectively underscore the multifaceted nature of strategy implementation, illustrating its importance in achieving organizational success. The following are the various key components of strategy implementation; clear vision and mission, defined objectives, resource allocation, organizational structure, leadership style, change management, attention to technological requirements, performance metrics, employee involvement, communication plan, monitoring and evaluation, training and development and feedback mechanisms. The current study will delimit itself to the following components namely organizational structure, leadership style, resource allocation and attention to technological requirements.

Organizational structure is the framework that specifies how tasks are organized to meet the organization's objectives. It defines the hierarchy, roles, responsibilities, and communication pathways within the organization (Duncan & Weiss, 2020). An effective organizational structure facilitates clear decision-making and accountability, which are crucial for successful strategy implementation. Different structures, such as functional, divisional, or matrix, can influence how strategies are executed and how agile the organization can be in responding to changes in the environment (Barbosa et al., 2022). A well-defined structure enables teams to collaborate effectively, promoting a culture of teamwork and innovation that is essential for achieving strategic objectives.

Leadership style plays a pivotal role in strategy implementation, as leaders are responsible for setting the vision and inspiring their teams to work towards it. Committed leaders not only communicate the importance of the strategy but also actively engage with employees, ensuring alignment across all levels of the organization (Khan, et al.,2020). Their support can significantly influence employee morale and motivation, which are vital for executing strategies successfully. Additionally, leaders must be willing to allocate time and resources to oversee the implementation process, address challenges, and celebrate milestones, reinforcing the importance of the strategy to the organizational culture (Morrison et al., 2023).

Resource allocation involves distributing available resources—such as finances, personnel, and technology—to various projects and initiatives in alignment with the strategic plan. Effective resource allocation ensures that critical areas of the strategy receive adequate support to drive results (Fang et al., 2023). When resources are allocated efficiently,

organizations can enhance their operational capabilities and minimize waste. Conversely, poor resource allocation can lead to project delays, budget overruns, and overall strategy failure. Organizations must regularly assess their resource needs and adjust allocations as necessary to remain competitive and responsive to market dynamics (Moller & Halinen, 2020).

Attention to technological requirements refers to the process of incorporating technology into the organization's operations to enhance efficiency and effectiveness. In the current digital era, utilizing technology is crucial for maintaining competitiveness and fulfilling customer expectations (Hollands et al., 2021). This component involves not only adopting new technologies but also ensuring that they align with the organization's strategic goals and workflows. Successful attention to technological requirements can streamline processes, improve data analysis capabilities, and facilitate better communication among teams, ultimately driving improved performance (Goh et al., 2022). Organizations need to prioritize training and development to ensure employees are skilled in utilizing new technologies, while also promoting a culture of innovation and flexibility.

1.1.5 Performance in the Banking Sector in Kenya

Banking sector performance involves various metrics that demonstrate how effectively and efficiently banks meet their strategic goals. Financial performance is a primary focus, typically assessed through key indicators such as return on assets (ROA), return on equity (ROE), and capital adequacy ratios. These measures reflect a bank's profitability and its capacity to manage risk (Munyiri & Muthoni, 2022). Additionally, operational efficiency is crucial, with cost-to-income ratios serving as a key measure of how well a bank controls

its costs relative to income. Tier-one banks, including Equity Bank, KCB, Co-operative Bank, NCBA, and Standard Chartered, have consistently demonstrated strong financial performance due to their large customer bases, diversified revenue streams, and economies of scale (Nguyen & Ben Ali, 2021). These banks effectively reduce costs while maximizing revenue, sustaining their competitive advantage in the long term.

Customer satisfaction and loyalty also play a significant role in performance. Tier-one banks achieve high customer retention rates and Net Promoter Scores (NPS) by offering superior customer service, innovative financial products, and extensive branch and digital banking networks (Waweru & Ndirangu, 2023). Additionally, effective compliance with regulatory standards and robust risk management strategies ensure that these banks avoid penalties and maintain stakeholder trust (Sonmez Cakir & 2020). Attention to technological requirements is increasingly influencing bank performance, with leading institutions investing heavily in digital banking solutions such as mobile apps, internet banking, and artificial intelligence-driven customer support to enhance service delivery and operational efficiency (Kumar & Salimath, 2022). These diverse factors collectively influence the overall performance of banks, ensuring they remain competitive in an evolving financial landscape.

The banking industry in Kenya is crucial to the country's economic progress, offering vital financial services to individuals, businesses, and the government. In recent years, the sector has seen substantial growth, primarily fueled by innovations in mobile banking and agency banking, which have greatly improved financial inclusion (Mbirira et al., 2023). Tier-one banks have been at the forefront of this transformation, leveraging mobile platforms such

as M-Pesa and their own digital banking solutions to expand their customer base and enhance operational efficiency (Sonmez Cakir & (2020). By 2023, the Central Bank of Kenya (CBK) reported that the country was home to more than 40 licensed commercial banks, with tier-one banks holding the largest share of assets and achieving the highest levels of profitability (CBK, 2024).

However, the sector faces several challenges, including increasing competition, stringent regulatory frameworks, and rising operational costs. Despite their strong market position, tier-one banks must continuously innovate to retain their dominance amid competition from fintech firms, neobanks, and SACCOs (Tong & Yang, 2025). Additionally, non-performing loans remain a concern, particularly in the wake of economic disruptions and rising inflation (Xu et al., 2025). To address these challenges, leading banks are investing in digital transformation, adopting alternative banking strategies, and focusing on cost reduction to stay competitive. Moving forward, the sector's success will depend on how well banks can innovate while adhering to regulatory requirements and maintaining operational efficiencies (Nguyen & Ben Ali, 2021).

1.2 Statement of the Problem

Tier One commercial banks are central to Kenya’s financial sector, accounting for 74.02 percent of total banking assets and 77.04 percent of the sector’s pre-tax profits as of December 2023 (Central Bank Kenya [CBK], 2024). These banks drive economic growth by providing credit to key sectors, including trade, manufacturing, and agriculture (CBK 2024). Additionally, they play a crucial role in promoting financial inclusion through digital banking innovations and agency networks. Tier One banks also facilitate foreign

direct investment and support Kenya's macroeconomic stability through robust capital buffers and risk management frameworks (CBK, 2024).

In the last five years, the Tier One commercial banks in Kenya continue to face performance challenges despite their strong market share. The sector recorded a 15 percent growth in pre-tax profits in 2023, yet the Non-Performing Loans (NPL) ratio rose from 13.3 percent to 14.2 percent, highlighting ongoing credit risk (Central Bank of Kenya, 2024). Customer satisfaction remains volatile, with 47.3 percent of customers switching banks due to poor service and 46 percent citing high fees (Kenya Bankers Association, 2024). Although the Net Promoter Score improved to 44 percent, only 36.7 percent of customers remain loyal to a single bank (Kenya Bankers Association, 2024). Operational efficiency improved in some areas, with complaint resolution rising to 75.44 percent, yet challenges like long wait times at 30.1 percent persist (Kenya Bankers Association, 2024). While 56 percent of customers prefer digital platforms, system reliability and scalability issues undermine technological efficiency (CBK, 2024). Furthermore, fintech adoption correlates strongly with operational efficiency ($r = 0.68$), though gaps in support systems hinder performance gains.

Locally, Mwiti and Paul (2023) examined strategic planning in Kenyan commercial banks but did not address the complexities of strategy execution, highlighting a conceptual gap. Njenga and Odollo (2023) focused on leadership styles and bank performance but failed to link leadership practices to strategy implementation, indicating an empirical gap. Jamii et al. (2025) studied technology adoption but did not investigate how technological initiatives are integrated into overall strategy execution, exposing another empirical gap. Wanyama and Aluoch (2025) researched resource allocation in SMEs, whose findings may not be contextually applicable to Tier One commercial banks, presenting a contextual gap. Odhiambo and Njuguna (2021) assessed strategy execution practices in Nairobi but limited their scope to branch-level operations, overlooking how multiple organizational factors jointly influence bank performance, which reveals both contextual and empirical gaps. This study addresses these gaps by examining how strategy implementation factors influence the performance of Tier One commercial banks in Kenya.

1.3 Objectives of the study

1.3.1 General Objective

The main objective of this study was to evaluate the effect of strategy implementation on the performance of commercial banks with special focus on Tier One Commercial banks in Nairobi County, Kenya**.**

1.3.2 Specific Objectives

The study was guided by the following specific research objectives:

i. To establish the influence of resource allocation on performance of Tier One commercial banks in Nairobi County, Kenya.

ii. To determine the influence of leadership style changes on performance of Tier One commercial banks in Nairobi County, Kenya.

iii. To establish the influence of structural adjustments on performance of Tier One commercial banks in Nairobi County, Kenya.

iv. To determine whether attention to technological requirements influences performance of Tier One commercial banks in Nairobi County, Kenya.

1.4 Study Hypotheses

The study aims to evaluate the following hypotheses:

H_{o1} **:** Resource allocation does not significantly influence performance of Tier One commercial banks in Nairobi County, Kenya.

H_{o2} **:** Changes in Leadership Styles does not significantly influence performance of Tier One commercial banks in Nairobi County, Kenya.

H_{o3} **:** Organizational structural adjustments do not significantly influence performance of Tier One commercial banks in Nairobi County, Kenya.

H_{o4} **:** Attention to technological requirements does not significantly influence performance of Tier One commercial banks in Nairobi County, Kenya.

1.5 Significance of the Study

This study is highly relevant to a range of stakeholders, including commercial banks, customers, policymakers, researchers, and technology providers. Each of these groups derives valuable insights and benefits from the findings of this research. For commercial banks, this study highlights how effective strategy implementation enhances their overall

performance. By examining the relationship between strategy implementation and various banking operations, including traditional and alternative banking strategies, banks make informed decisions about resource allocation and leadership style. Gaining insights into the key factors that drive successful implementation assists banks in improving operational efficiency, customer satisfaction, and maintaining a competitive advantage in the fast-changing financial environment. Additionally, the study reveals best practices for implementing strategies effectively, enabling banks to navigate challenges such as resistance to change and improve performance.

Customers benefit from improved banking services resulting from enhanced strategy implementation. As the study emphasizes the significance of effective implementation, it motivates banks to refine their service offerings, ensuring that banking becomes more accessible, convenient, and efficient. This focus on strategy leads to better customer experiences, increased financial inclusion, and more personalized banking services tailored to the diverse needs of customers in Nairobi County.

For policymakers, the study provides essential data that guides the formulation of regulations and policies aimed at fostering effective strategy implementation in the banking sector. By understanding how strategic initiatives impact bank performance, policymakers create a supportive regulatory framework that encourages innovation while safeguarding consumer interests and ensuring the stability of the banking system.

From an academic perspective, the study adds to the existing body of knowledge in banking and finance, especially within emerging markets like Kenya. The findings provide a foundation for future research on related topics, such as the role of technology in strategy

implementation, the effects of digital transformation on financial performance, and the connection between strategy and operational results. The theoretical frameworks and empirical data presented serve as a robust foundation for further scholarly inquiry.

Finally, technology providers, including fintech companies, gain insights into the needs and preferences of commercial banks and their customers. By understanding the influence of strategy implementation on bank performance, technology providers develop tailored solutions that address the specific challenges faced by Tier One banks in Nairobi County. This understanding foster effective partnerships between banks and technology providers, driving innovation and growth within the sector. In conclusion, the study addresses current research gaps related to strategy implementation, with the goal of improving performance within the Kenyan-banking sector.

1.6 Scope of the Study

This study focused on examining the influence of strategy implementation on performance, specifically addressing four conceptual dimensions: resource allocation, leadership style, organizational structure, and attention to technological requirements. Organizational performance was measured using financial performance, customer satisfaction, operational efficiency, and technological effectiveness. The study was grounded in the Resource-Based View (RBV), the dynamic capabilities theory, and transformational leadership Theory, which collectively provided the theoretical foundation for analyzing how internal organizational factors align to influence performance outcomes.

Methodologically, the study adopted a descriptive research design, employing structured questionnaires to collect primary data from management-level staff of Tier One

commercial banks in Nairobi County. Secondary data were obtained from audited financial statements, annual reports, and regulatory publications to validate performance indicators. Quantitative analysis was conducted using regression techniques to test relationships between strategy implementation factors and performance, complemented by descriptive statistics for data summarization.

Contextually, the study focused on Tier One commercial banks within Nairobi County, Kenya's financial hub, due to its high concentration of banking operations. The study's time scope covered data collection, analysis, and reporting conducted between April and September 2025, ensuring that the findings reflected current industry dynamics.

1.7 Limitation of the study

The study concentrated on a sample of Tier One commercial banks in Nairobi County. Acknowledging that a small or unrepresentative sample size might not fully capture broader industry trends, the study expanded its sample size to ensure a more diverse representation of commercial banks, encompassing various sizes, types, and market segments. Employing refined stratified sampling techniques facilitated the achievement of a comprehensive and representative sample, capturing the nuances of different bank categories.

Challenges arose during primary data collection via structured questionnaires, including non-response bias, where some participants declined to respond or provided incomplete or inaccurate information. Moreover, reliance on self-reported data from bank managers and staff introduced subjectivity and potential bias. To address these challenges, the study employed a mixed-methods approach, integrating structured questionnaires and in-depth

interviews to enhance the data collection process. Ensuring anonymity and confidentiality encouraged participants to provide more honest and accurate responses.

1.8 Delimitation of the Study

This study was limited to Nairobi County, Kenya, with a focus on how strategy implementation affected the performance of commercial banks in this urban setting. As a result, the findings and conclusions may not have been relevant to other regions in Kenya or countries with different economic, regulatory, and cultural environments. Regarding the study's timeframe, it examined the impact of strategy implementation on bank performance within a defined period, which restricted its ability to capture long-term trends or shifts that may have occurred after this period.

While efforts were made to ensure the sample represented commercial banks in Nairobi County, the results may have been limited by the sample size and sampling methods, which could have affected their applicability to the wider banking sector. Additionally, the study solely focused on commercial banks, excluding other financial institutions and sectors within the broader financial services industry.

Although the study focused on specific performance indicators such as profitability, customer satisfaction, and operational efficiency, it did not fully explore other aspects of bank performance, such as risk management or innovation. Methodologically, the study employed quantitative methods supplemented by qualitative insights; however, limitations in data collection methods and analytical techniques may have restricted the depth and breadth of the findings.

1.9 Assumptions of the study

This study assumed that Tier One commercial banks in Nairobi County possessed an organizational structure that supported the effective implementation of strategies designed to improve performance, promote clear communication, and ensure accountability in strategic decision-making. It also presumed a strong leadership style, with bank leaders actively promoting and supporting strategic initiatives, which was considered crucial for successful implementation. The study further assumed that these banks allocated sufficient financial and human resources for effective strategy execution, investing in training and technology to bolster performance. Additionally, it was expected that attention to technological requirements was robust enough to support the various strategies, enhancing operational efficiency and improving customer service.

1.10 Definition of Key terms

Leadership style : Leadership style refers to the manner in which a leader directs, motivates, and influences their team or organization (Morrison & Brown, 2022).

Organizational framework : It refers to the structured organization of roles, duties, and authority within a company, determining how tasks are allocated, managed, and overseen (Higgins et al., 2019).

Performance : In a general sense, performance refers to the outcomes, achievements, or results of an entity or activity, often measured

against specific objectives, standards, or benchmarks (M'mata, 2022).

Performance of commercial banks : This specifically refers to the effectiveness and efficiency with which commercial banks achieve their financial and operational goals. Key metrics include profitability, asset quality, liquidity, capital adequacy, customer satisfaction, and market share among others (Nduta & Wanjira, 2019).

Resource allocation : Is the process of distributing available resources—such as financial, human, and technological resources—among various departments and projects within an organization to support strategy implementation and achieve performance objectives (Harrison et al., 2021).

Attention to technological requirements : Refers to the incorporation of advanced technologies and digital tools into an organization's processes and operations. It involves aligning technology with business strategies to enhance efficiency, improve communication, and foster innovation, ultimately facilitating better performance outcomes (Faruque, et al., 2024).

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter provides a comprehensive review of the literature related to the topic. It includes the theoretical background, empirical findings, the conceptual framework, and the operationalization of the study variables.

2.2 Theoretical Review

This section explores the different theories used in this study:

2.2.1 The Dynamic Capabilities Theory

The Dynamic Capabilities Theory (DCT), initially developed by David Teece, Gary Pisano, and Amy Shuen in 1997, has evolved over time with significant contributions from various scholars. Recent advancements in DCT highlight the importance of organizational adaptability and strategic flexibility in maintaining a competitive edge in fast-changing environments (Frame et al., 2024). The central idea of DCT is that an organization's capacity to integrate, builds, and reconfigure both internal and external capabilities is crucial for responding to environmental shifts and sustaining high performance. Frame et al. (2024) argue that dynamic capabilities are the processes within a firm that allow it to recognize opportunities and threats, capitalize on those opportunities, and reconfigure its resources to maintain a competitive advantage.

In recent years, several scholars have expanded upon Frame et al.'s foundational work. For example, Mbogo and Mnyavanu (2025) explored the role of dynamic capabilities in

strategic decision-making, suggesting that firms with well-developed dynamic capabilities can more effectively navigate market disruptions. Similarly, Wang and Ahmed (2019) examined how organizations develop learning mechanisms to continuously update and reconfigure their resource base, highlighting the importance of knowledge management in dynamic capability development. Despite its contributions, DCT has faced criticism. Some researchers argue that the theory lacks clear measurement standards, which complicates the direct evaluation of dynamic capabilities' impact on firm performance. Others suggest that the theory places too much emphasis on internal processes and fails to adequately consider the effect of external competitive factors, such as regulatory shifts and market volatility (Laaksonen & Peltoniemi.,2018)

This study, which explores the impact of strategy implementation on the performance of commercial banks in Nairobi County, Kenya, is grounded in the Dynamic Capabilities Theory (DCT). It aims to understand how various strategic actions—such as leadership adaptability, resource reallocation, technological progress, and structural flexibility—affect the performance of commercial banks. The first research objective examines the influence of leadership adaptability on performance, directly aligning with DCT's argument that flexible and responsive leadership is essential for sustaining competitiveness (Laaksonen & Peltoniemi.,2018). The second objective evaluates the effect of resource reallocation, viewed as a critical process in reconfiguring organizational capabilities to meet evolving market demands (Wang & Ahmed, 2019). The third objective examines how technological advancements impact performance, recognizing that firms must continuously integrate emerging technologies to remain competitive (Frame et al., 2024).

The fourth objective centers on structural flexibility, highlighting the importance for organizations to reconfigure their structures to improve agility and responsiveness.

Dynamic Capability theory is the main underpinning theory in this study since it anchors all the variables in this study apart from resources allocation. Leadership styles, technology and structural adjustments and performance have been highlighted in this theory as dynamic capabilities unique to every organization and it is difficulty to copy.

2.2.1 The Resource-Based View (RBV) Theory

The Resource-Based View (RBV) theory was popularized by Jay Barney in 1991 through his seminal article "Firm Resources and Sustained Competitive Advantage." The RBV posits that an organization's internal resources and capabilities are the primary drivers of sustainable competitive advantage and superior performance (Barney, 1991). According to the VRIN framework, resources must be valuable, rare, inimitable, and non-substitutable to provide a lasting competitive edge. This theory emphasizes that firms which effectively identify, develop, and strategically deploy these resources can outperform competitors, irrespective of external market conditions.

The concept of firm-specific resources as strategic assets was initially introduced by Wernerfelt (1984), and later expanded by Peteraf (1993), who formalized the conditions necessary for sustained competitive advantage. Grant (1996) linked the RBV with strategy implementation processes, emphasizing the need for effective coordination of resources. Priem and Butler (2001) critiqued the RBV's static nature, noting its limited operational guidance in dynamic environments. Similarly, Newbert (2007) highlighted the theory's

inward focus, cautioning that it often underestimates the influence of external competitive forces.

Despite these critiques, the RBV remains a fundamental framework for analyzing internal organizational strengths. In the context of Kenya's banking sector, studies by Kamau (2022) have applied RBV to explain how resource endowments influence bank performance. For Tier One commercial banks, RBV provides a lens to examine how internal factors—financial resources, leadership competencies, organizational structures, and technological capabilities—when effectively aligned and utilized, drive performance outcomes such as profitability, efficiency, and customer satisfaction.

RBV theory as used in this supports the tactical analysis of resource distribution, it is conceptually embedded within the broader RBV framework. Therefore, RBV anchors the study's first objective, which seeks to assess the influence of resource allocation on the performance of Tier One commercial banks in Kenya. It also equally anchors performance of an organization. The main difference between RBV and DCV theories is that resources of one organization can be replicated by another organization since they are not dynamic in nature.

2.2.3 Transformational Leadership Theory

Transformational Leadership Theory was first introduced by James MacGregor Burns in 1978 and later expanded by Bernard Bass in 1985. The theory posited that transformational leaders inspired, motivated, and intellectually stimulated their followers to exceed performance expectations by fostering a shared vision, encouraging innovation, and

addressing individual employee needs (Bass, 1985; Burns, 1978). Unlike transactional leadership, which focused on exchanges and rewards, transformational leadership emphasized developing followers' potential, aiming to transform both individuals and organizational cultures toward higher levels of performance.

Bass (1990) identified four key components of transformational leadership: Idealized Influence, Inspirational Motivation, Intellectual Stimulation, and Individualized Consideration. These dimensions underscored the leader's role in fostering trust, articulating a compelling vision, encouraging creativity, and attending to individual development needs. Avolio and Bass (1995), and later Yukl (2013), refined the theory by emphasizing its relevance in dynamic and competitive business environments, where adaptive leadership was critical for successful strategy implementation.

However, Transformational Leadership Theory faced critiques for its broad conceptual scope and overlaps with other leadership styles, particularly charismatic leadership (Northouse, 2016). Critics also argued that the theory often assumed universally positive outcomes, while overlooking contextual constraints such as organizational culture, resource limitations, or employee readiness that could hinder its effectiveness.

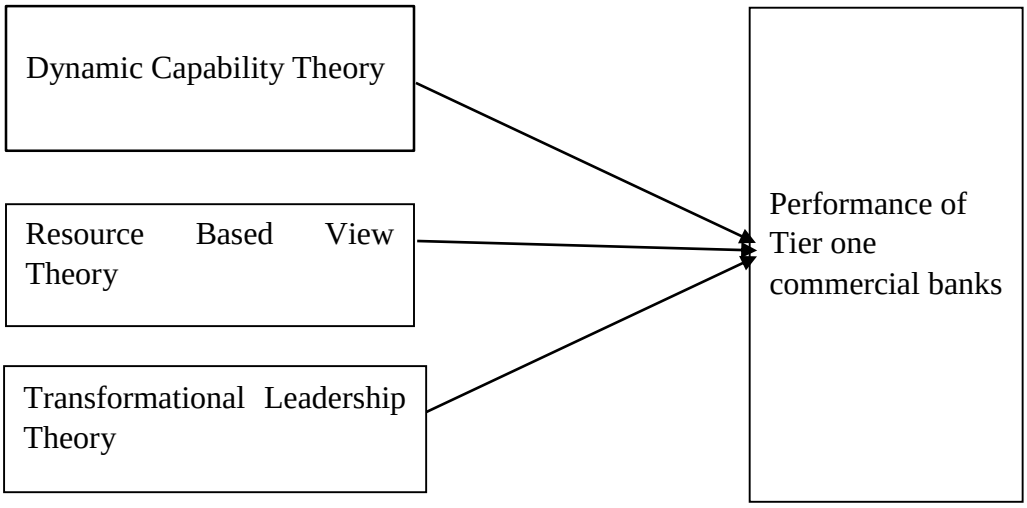
In the context of this study, Transformational Leadership Theory was considered relevant as it provided a framework for understanding how leadership style influenced strategy implementation and performance in Tier One commercial banks in Kenya. Given the rapidly evolving banking environment, transformational leadership attributes such as vision articulation, employee empowerment, and innovation promotion were critical in facilitating successful execution of strategic initiatives. Therefore, the theory anchored the

study's second objective, which sought to examine the influence of leadership style on the performance of Tier One commercial banks in Kenya.

2.2.4 Theoretical Framework

Figure 2. 1:

Theoretical Framework



2.3 Empirical Review

2.3.1 Resource Allocation on organizational Performance

Okiro and Ndungu (2021) carried out an extensive study to examine the impact of resource allocation on customer satisfaction in commercial banks in Kenya. Using a descriptive survey design, they selected a sample of 60 commercial banks and collected quantitative data through structured questionnaires from both bank customers and management. The study's regression analysis revealed a significant positive correlation between effective resource allocation to customer service initiatives and enhanced customer satisfaction

levels. However, the study did not delve into how strategic implementation of these resource allocation decisions varies across different types of banks or customer demographics, indicating a conceptual gap. This relates to the current study by emphasizing the need to explore how the implementation of strategies concerning resource allocation can specifically influence customer satisfaction and overall performance in Nairobi's commercial banks.

Kamau (2022) studied the effect of resource allocation on employee performance in tier-three commercial banks in Kenya. The research employed a mixed-method approach, integrating quantitative surveys and qualitative interviews with both bank employees and management. The sample included 120 respondents, with 80 completing questionnaires and 10 participating in in-depth interviews. Results indicated that strategic resource allocation, particularly towards training and professional development, significantly correlates with enhanced employee performance and job satisfaction. However, the study did not investigate the long-term effects of resource allocation on performance sustainability, revealing a conceptual gap. This is pertinent to the current study, as it emphasizes the need to explore how the effective implementation of resource allocation strategies can drive sustained employee performance and operational efficiency in commercial banks in Nairobi.

Kumar and Salimath (2022) explored the effect of resource allocation on operational efficiency within commercial banks in India. Adopting a quantitative methodology, the researchers collected data from 50 banks using structured questionnaires administered to bank managers. The study focused on various aspects of resource allocation, including

technology investments and process optimization. Findings revealed that banks strategically allocating resources toward technological advancements and process improvement initiatives exhibited higher levels of operational efficiency. However, the study did not explore the impact of external market conditions on resource allocation strategies, revealing a contextual gap. This is relevant to the current study as it emphasizes the importance of examining how external factors in the Kenyan banking environment affect the strategic implementation of resource allocation and, in turn, operational performance in commercial banks in Nairobi County.

Hauner and Peiris (2011) examined the impact of resource allocation on improving service quality in commercial banks in Uganda. Utilizing a case study approach, the study focused on five leading banks, employing interviews and observations as primary data collection methods. The authors found that effective resource allocation towards staff training, technology infrastructure, and customer service processes significantly contributes to improved service quality. Yet, the study did not address the variability of resource allocation effectiveness based on different organizational structures within the banks, indicating a conceptual gap. This is relevant to the current study as it underscores the importance of understanding how organizational structure influences the implementation of resource allocation strategies and their effect on service quality and overall performance in commercial banks in Nairobi.

Nedelescu and Stănescu (2018) researched the impact of resource allocation on innovation and competitive advantage in commercial banks in Romania. Using a quantitative research design, they analyzed survey data from 30 banks to assess the relationship between

resource allocation for research and development (R&D) and banks' innovative capabilities. The findings showed that banks investing significant resources in R&D are better equipped to innovate and respond to market changes, giving them a competitive advantage. However, the study did not explore how various resource allocation strategies affect innovation outcomes, creating a conceptual gap. This is relevant to the current study as it emphasizes the need to investigate how the strategic allocation of resources can foster innovation, which, in turn, impacts the performance of commercial banks in Nairobi County.

Hauner and Peiris (2011) focused on the relationship between resource allocation and risk management practices in the banking sector. Employing survey data from 100 bank managers across various banks, the study aimed to assess how resource allocation influences banks' abilities to identify and manage risks effectively. The findings indicated that banks with well-structured resource allocation strategies dedicated to risk assessment and management are significantly more capable of mitigating potential threats. Nonetheless, the study did not analyze how the effectiveness of risk management strategies is influenced by the implementation of overall organizational strategies, indicating a conceptual gap. This is relevant to the current study as it highlights the importance of examining how the strategic allocation of resources for risk management affects the overall performance of commercial banks in Nairobi, thereby strengthening their resilience and stability in the market.

2.3.2 Leadership Styles on Organizational Performance

Kakozi (2023) conducted a study to explore the impact of transformational and transactional leadership styles on employee performance in commercial banks in the United States. Using a quantitative survey method, they collected data from 400 employees across eight banks in New York. The study revealed that transformational leadership, characterized by a clear vision, employee development, and motivation, had a stronger positive correlation with performance metrics compared to transactional leadership, which focused on structured tasks and rewards. However, the study did not explore the situational factors that may affect the effectiveness of different leadership style within the banking environment, presenting a conceptual gap. This is pertinent to the current study, which seeks to investigate how various leadership style can be effectively implemented to enhance performance in commercial banks in Nairobi County.

Chen et al. (2021) investigated the relationship between leadership style and service quality in Chinese banks. Using a mixed-methods approach, the researchers surveyed 250 employees and conducted interviews with bank managers in Beijing. The findings indicated that servant and transformational leadership style significantly influence service quality, as leaders who prioritize employee training and development foster a culture of excellence in customer service. Nevertheless, the study did not address the interplay between different leadership style and strategic factors such as resource allocation or operational processes, indicating a contextual gap. This relates to the current study by highlighting the necessity of exploring how the adoption of various leadership style affects not only service quality but also the overall performance of commercial banks in Nairobi.

Mbogo and Mnyavanu (2025) investigated the impact of transformational and laissez-faire leadership styles on innovation and performance in commercial banks in India. The researchers employed a quantitative approach, distributing questionnaires to 300 employees across ten banks in Mumbai. The results demonstrated that transformational leadership positively impacts innovation, as visionary leaders encourage creative thinking and risk-taking among employees. In contrast, laissez-faire leadership, characterized by minimal supervision, had mixed effects, sometimes fostering innovation through autonomy but also leading to reduced accountability. However, the study did not examine how different leadership styles interact with varying market conditions, suggesting a conceptual gap. This is relevant to the current study as it highlights the need to understand how strategic leadership styles can promote innovation and enhance performance, particularly within the Kenyan banking sector.

Kakozi (2023) explored the impact of leadership style on improving employee performance in banks in Tanzania. Using a descriptive survey design, they gathered data from 150 employees across five banks in Dar es Salaam. The study revealed that transformational and democratic leadership styles had a significant effect on employee performance by boosting job satisfaction and motivation. Yet, the study did not assess how the organizational culture within these banks moderates the effects of different leadership styles, highlighting a conceptual gap. This is relevant to the current study, as it highlights the importance of examining how the strategic implementation of leadership styles, in conjunction with organizational culture, affects performance in commercial banks in Nairobi.

Musila et al. (2025) carried out a study to examine the impact of leadership style on performance in commercial banks in Kenya. Using a quantitative approach, they surveyed 200 employees from different banks in Nairobi. The results showed a significant positive correlation between transformational leadership and key performance metrics, including employee morale and customer satisfaction. However, transactional leadership was found to be effective only in highly structured environments with clear processes. The study did not consider the impact of external economic factors or regulatory frameworks on the effectiveness of different leadership styles, indicating a contextual gap. This is pertinent to the current study, as it highlights the importance of investigating how external factors affect the implementation of leadership styles and their impact on the performance of commercial banks in Nairobi County.

Mbogo and Mnyavanu (2025) examined how leadership style impacts innovation and adaptability in banks across Kenya. Employing a longitudinal research design, the researchers collected data over six months from 120 employees through structured questionnaires and interviews. The results indicated that banks with transformational and participative leadership style were better equipped to adapt to market changes and innovate in response to customer needs. However, the study did not analyze the specific strategies implemented by leaders to foster innovation and adaptability, suggesting a conceptual gap. This highlights the importance of investigating how different leadership style can enhance adaptability and innovation in commercial banks, which is a crucial aspect of overall performance in Nairobi County.

2.3.3 Structural Adjustments on Organizational Performance

Frame et al. (2024) carried out a study to investigate how organizational structure affects innovation and performance in banks in the United States. Utilizing a mixed-methods approach, the researcher surveyed 350 employees from various banks in California and conducted in-depth interviews with management. The findings revealed that banks with a more flexible and decentralized organizational structure were better positioned to foster innovation, leading to enhanced performance. However, the study did not examine how specific strategies related to organizational structure are implemented to foster innovation, indicating a conceptual gap. This is pertinent to the current study as it highlights the importance of examining how the strategic implementation of organizational structures can improve performance in commercial banks in Nairobi County.

Lin and Chang (2019) investigated the connection between organizational structure and operational performance in banks in Taiwan. Through a quantitative survey involving 250 bank managers, the study assessed how various structural configurations influenced performance metrics such as efficiency and customer service quality. Results indicated that a matrix organizational structure positively impacted operational performance by enhancing collaboration across departments. Yet, the study did not explore the specific strategic initiatives that support the effectiveness of different organizational structures, highlighting a contextual gap. This relates to the current study by emphasizing the importance of understanding how strategy implementation within different structural configurations influences the performance of commercial banks in Nairobi.

Chatterjee and Kumar Kar (2020) investigated the role of organizational structure in shaping strategic alignment and performance outcomes in Indian commercial banks. Using a survey of 300 employees from ten major banks, the study found that banks with a clear hierarchical structure experienced better alignment of their strategies with operational goals. This alignment significantly improved performance measures, such as employee engagement and customer retention. However, the study did not assess how the implementation of organizational structure strategies varies across different market conditions, suggesting a conceptual gap. This underscores the importance of the current study in examining how strategy implementation affects performance, particularly within the context of different organizational structures in the Kenyan banking sector.

Govender and Maralack (2022) investigated how organizational structure influences performance outcomes in banks in South Africa. The researchers employed a descriptive research design, collecting data from 200 employees across six major banks in Johannesburg. The results revealed that banks with a flat organizational structure saw greater employee empowerment and satisfaction, which in turn enhanced performance indicators like service quality and customer loyalty. However, the study did not address the influence of leadership dynamics or external market factors on the effectiveness of various organizational structures, highlighting a contextual gap. This is pertinent to the current study, which aims to explore how strategic leadership and external factors shape the implementation of organizational structures and their effect on performance in commercial banks in Nairobi.

Mugambi and Imaita (2022) carried out a study to evaluate the impact of organizational structure on employee performance in commercial banks in Kenya. Utilizing a quantitative survey method, the researchers collected data from 150 employees across various banks in Nairobi. The study revealed that a clear and defined organizational structure positively impacted employee performance through enhanced communication and role clarity. Yet, the study did not analyze how different strategies related to organizational structure might be implemented to further optimize employee performance, suggesting a conceptual gap. This aligns with the current study's focus on examining how effective strategy implementation can enhance employee performance within the organizational context of Nairobi's banks.

Oduor (2022) examined the relationship between organizational structure and operational efficiency in Kenyan banks. Using a longitudinal approach, the study analyzed performance data from 120 employees over six months. The findings demonstrated that banks with decentralized organizational structures achieved higher operational efficiency, as employees felt more empowered to make decisions and contribute to performance improvement initiatives. However, the study did not delve into how the strategic implementation of decentralized structures influences overall performance, indicating a conceptual gap. This highlights the importance of the current study examining how the strategic implementation of organizational structures can improve operational efficiency and performance in commercial banks within Nairobi County.

2.3.4 Attention to Technological Requirements on Organizational Performance

Frame, et al. (2014) conducted a study to examine the impact of technological integration on service quality and customer satisfaction in U.S. banks. The researchers employed a quantitative survey method, collecting data from 300 customers across various banks in New York. The findings revealed that banks integrating advanced technologies, such as online banking and mobile applications, significantly enhanced service quality, leading to higher levels of customer satisfaction. However, the study did not investigate the long-term effects of technological integration on customer retention, indicating a conceptual gap in understanding the sustainability of improvements from strategy implementation. This relates to the current study by emphasizing the need to explore how sustained strategy implementation, particularly in technological advancements, affects customer retention and the overall performance of the banking sector in Nairobi County.

Ahmad et al. (2023) explored the role of technological integration in improving operational efficiency in Malaysian banks. Using a mixed-methods approach, the study surveyed 200 bank employees and conducted interviews with management. The results indicated that adopting integrated banking technologies resulted in reduced operational costs and improved service delivery times. Nevertheless, the study did not explore potential barriers to technology adoption within banks, which could impact the effectiveness of these integrations, highlighting a contextual gap. This relates to the current study by suggesting that examining barriers to strategy implementation, including technological integration, could provide insights into enhancing performance in Nairobi's commercial banks. Understanding these barriers is crucial for effective strategy implementation and operational performance.

Yuan et al. (2025) examined the relationship between technological integration and competitive advantage in Chinese banks. Utilizing a quantitative survey of 250 bank managers, the study assessed how technological advancements influenced performance metrics such as market share and customer loyalty. The findings revealed that banks investing in integrated digital platforms gained a competitive edge through personalized services and improved customer engagement. However, it did not address how external factors, such as regulatory changes or economic conditions, might affect the efficacy of these technological investments, indicating a contextual gap. This is pertinent to the current study as it emphasizes the need to consider Kenya's regulatory environment when evaluating the effect of strategy implementation on the performance of commercial banks.

Laiyan et al. (2019) examined how technological integration affects performance outcomes in Kenyan banks. They employed a descriptive research design and gathered data from 150 bank employees in Nairobi. The findings demonstrated that banks successfully integrating digital technologies experienced improvements in operational efficiency and customer satisfaction. Nonetheless, the study did not analyze the potential impacts of technological failures or service disruptions on performance, creating a conceptual gap in understanding the risks associated with reliance on technology. This relates to the current study by indicating the necessity of examining how the implementation of strategies, including technology, can mitigate risks and ensure performance stability in Nairobi's commercial banks.

Misati et al. (2020) assessed the effects of technological integration on service delivery in commercial banks in Kenya. Using a quantitative approach, the researchers surveyed 120

customers from various banks. The results indicated that effective technological integration led to faster service delivery and improved access to banking services. However, the study did not consider varying levels of digital literacy among customers, which could impact the effectiveness of these technologies. This highlights a contextual gap in understanding customer capabilities in utilizing integrated services. This is relevant to the current study as it implies that gaining an understanding of customers' digital literacy is essential and its influence on service delivery is crucial for optimizing strategy implementation and performance in Nairobi's commercial banks.

Bartoo et al. (2025) examined the relationship between technological integration and customer loyalty in Kenyan commercial banks. Utilizing a longitudinal study design, the researchers collected data from 1,000 bank customers over a year. The findings revealed that banks integrating advanced technology significantly enhanced customer loyalty through improved service quality. Nevertheless, the study did not analyze how changes in technology or service offerings over time might influence customer loyalty, indicating a conceptual gap in understanding the dynamics of long-term customer relationships. This is relevant to the current study, which seeks to investigate how effective strategy implementation influences customer loyalty and overall performance in the commercial banks of Nairobi County.

Table 2. 1:
Summary of Research Gaps

Author(s) & Year	Focus of Study	Findings	Identified Gap	Relevance to Current Study
Okiro & Ndungu (2021)	- Resource allocation & customer satisfaction in Kenyan banks	- Effective allocation improved satisfaction	- Did not examine how strategic implementation varied across bank types/demographics (conceptual gap)	- The study emphasized the need to explore how strategy implementation of resource allocation influenced performance in Nairobi banks
Kamau (2022)	- Resource allocation & employee performance in Tier-3 Kenyan banks	- Training allocation improved performance	- Lacked analysis of long-term sustainability (conceptual gap)	- The study highlighted the importance of examining sustained performance through strategic implementation
Kumar & Salimath (2022)	- Resource allocation & efficiency in Indian banks	- Tech investments improved efficiency	- Did not examine external market conditions (contextual gap)	- The study underscored the need to consider Kenyan market/regulatory conditions in strategy implementation
Hauner & Peiris (2011)	- Resource allocation & service quality in Ugandan banks	- Staff training, tech, service processes enhanced quality	- Did not consider organizational structure variation (conceptual gap)	- The study pointed to the need to examine organizational structure influence in Nairobi banks
Nedelescu & Stănescu (2018)	- Resource allocation & innovation in Romanian banks	- R&D drove innovation, competitive advantage	- Did not compare effects of different allocation strategies (conceptual gap)	- The study emphasized the need to investigate how strategic allocation fostered innovation and performance in Nairobi
Hauner & Peiris (2011)	- Resource allocation & risk management	- Structured allocation boosted risk mitigation	- Did not link to overall organizational strategy (conceptual gap)	- The study highlighted the need to assess how strategy implementation in risk

				management influenced performance
Kirkpatrick & Locke (2020)	- Leadership styles & employee performance in U.S. banks	- Transformational > transactional	- Ignored situational factors (conceptual gap)	- The study emphasized examining leadership in the context of Nairobi banks
Chen et al. (2021)	- Leadership style & service quality in Chinese banks	- Servant & transformational improved service	- Did not explore interplay with strategy/resource allocation (contextual gap)	- The study highlighted the need to consider interaction of leadership and strategy in performance
Soni & Padhy (2022)	- Leadership & innovation in Indian banks	- Transformational fostered innovation; laissez-faire mixed	- Did not assess varying market conditions (conceptual gap)	- The study underscored the importance of focusing on Kenyan banking market influences
Kakozi (2023)	- Leadership & employee performance in Tanzanian banks	- Transformational & democratic improved performance	- Did not assess moderating role of organizational culture (conceptual gap)	- The study pointed to the need to investigate leadership–culture–performance links in Nairobi
Musila et al. (2025)	- Leadership & performance in Kenyan banks	- Transformational > transactional; transactional worked in structured settings	- Ignored external economic/regulatory factors (contextual gap)	- The study emphasized examining leadership within the Kenyan regulatory and economic environment
Namutala & Wandiga (2024	- Leadership & innovation/adaptability in Kenyan banks	- Transformational/participative boosted adaptability	- Did not examine specific strategies leaders used (conceptual gap)	- The study highlighted the need to investigate leadership strategy implementation for adaptability
Frame et al. (2024)	- Org. structure & innovation in U.S. banks	- Flexible, decentralized improved innovation	- Did not examine strategy implementation of structures (conceptual gap)	- The study emphasized examining the implementation of structures in Nairobi

Lin & Chang, (2019)	- Structure & operational performance in Taiwanese banks	- Matrix improved efficiency	- Did not explore strategic initiatives supporting structures (contextual gap)	- The study highlighted the importance of focusing on strategies supporting structures in Kenyan banks
Panda, (2022)	- Structure & alignment in Indian banks	- Hierarchical structure improved alignment	- Did not test under different market conditions (conceptual gap)	- The study underscored the importance of investigating implementation under Kenyan conditions
Govender and Maralack (2022)	- Structure & performance in South African banks	- Flat structure improved empowerment & service	- Did not assess leadership/external factors (contextual gap)	- The study highlighted the need to explore leadership and external factors in Nairobi
Ochieng & Oboko (2022)	-	- Clear structure improved communication & role clarity	- Did not assess strategic variations of structures (conceptual gap)	- The study pointed to the need to examine implementation strategies in Nairobi
Oduor. (2022).	- Structure & efficiency in Kenyan banks	- Decentralization improved efficiency	- Did not analyze implementation process (conceptual gap)	- The study emphasized the need to explore implementation of decentralized structures
Kumar & Gupta (2018)	- Tech integration & service quality in U.S. banks	- Tech improved satisfaction	- Did not examine long-term retention (conceptual gap)	- The study highlighted the need to consider sustained customer retention in Nairobi
Ahmad et al.,(2023)	- Tech integration & efficiency in Malaysian banks	- Tech lowered costs, improved delivery	- Did not assess barriers to adoption (contextual gap)	- The study emphasized examining adoption barriers in Nairobi
Tanaka & Yamamoto, (2023)	- Tech & competitive advantage in Chinese banks	- Digital platforms improved loyalty & market share	- Ignored external/regulatory factors (contextual gap)	- The study highlighted the need to consider Kenyan regulatory and economic environment

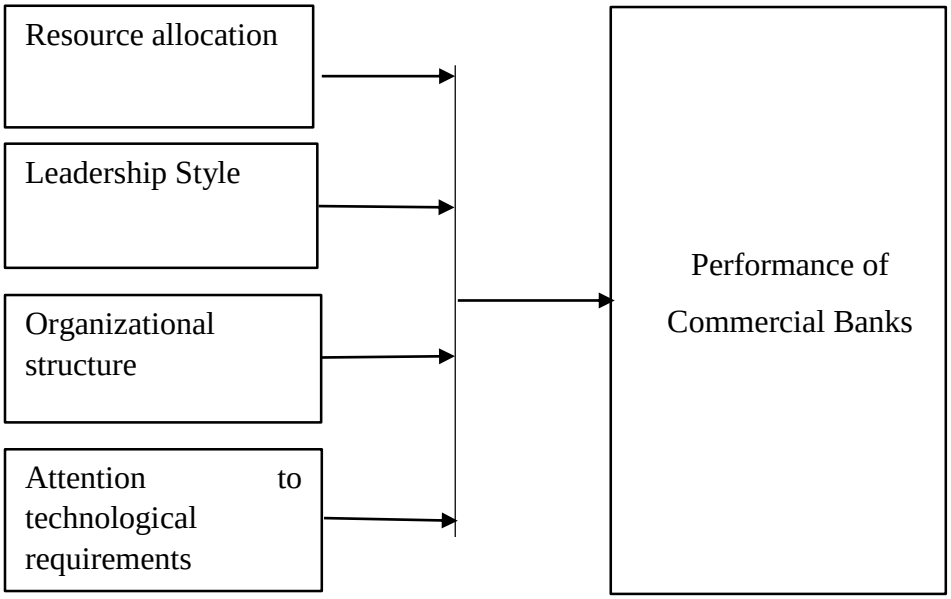
Gababo, (2022).	- Technological & performance in Kenyan banks	- Digital integration boosted efficiency & satisfaction	- Did not examine risks of tech failures (conceptual gap)	- The study underscored the importance of exploring resilience and risk management in Nairobi
Bartoo et al. (2025).	- Tech & service delivery in Kenyan banks	- Faster services, better access	- Ignored customers' digital literacy (contextual gap)	- The study emphasized considering digital literacy in Nairobi
Odera & Aoko (2023)	- Tech & customer loyalty in Kenyan banks	- Tech enhanced loyalty	- Did not assess evolving technology/customer needs over time (conceptual gap)	- The study highlighted the need to investigate dynamic, long-term loyalty outcomes

2.4 Conceptual Framework

A conceptual framework illustrates the relationships among research variables. Pinto et al. (2017) define a variable as a quantifiable attribute that differs among individuals or groups. In this study, resource allocation, leadership approach, organizational structure, and technological requirements serve as the independent variables, whereas the dependent variable is the performance of commercial banks.

Figure 2. 1:

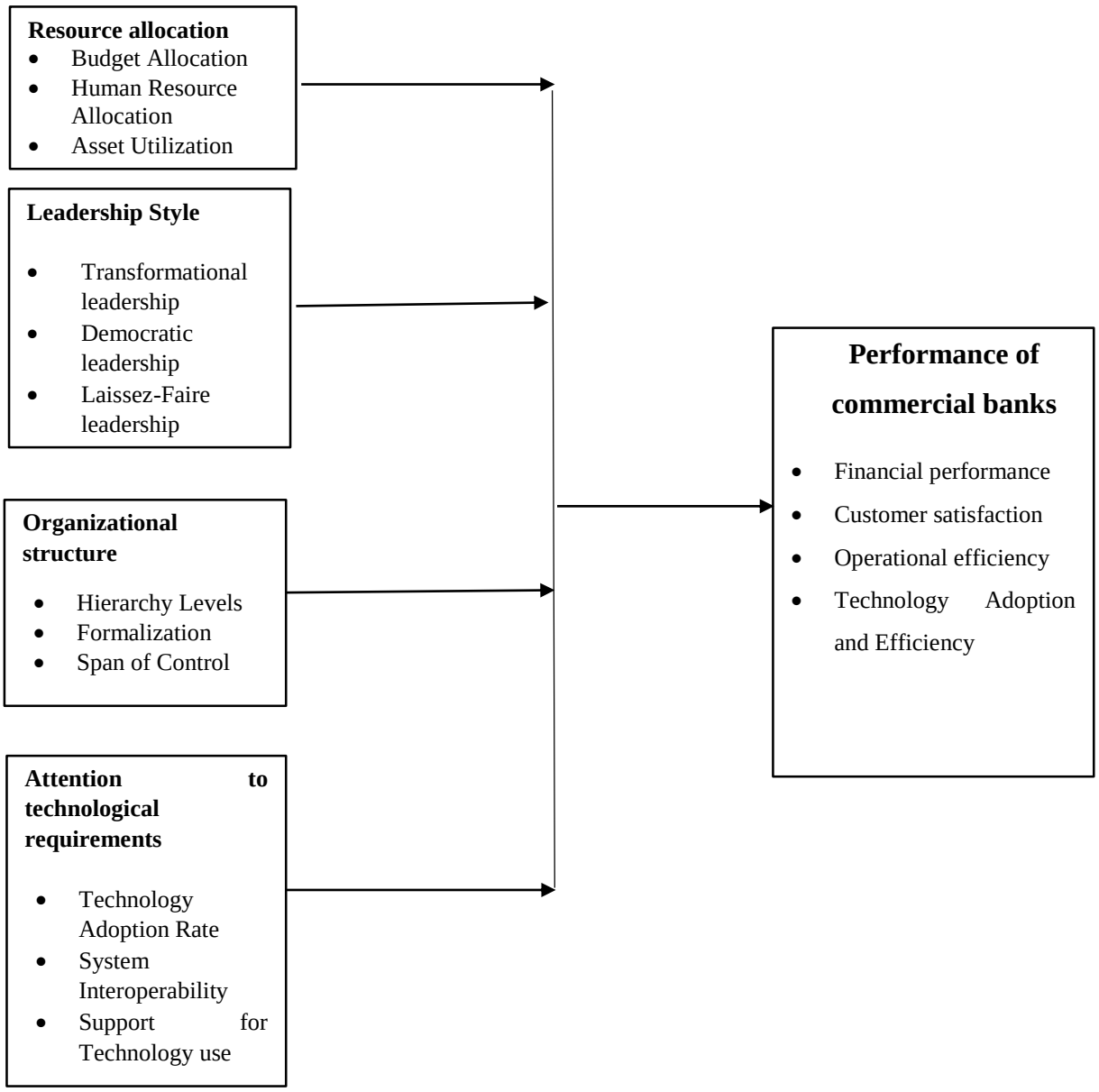
Conceptual Framework



2.5 Operational Framework

Figure 2. 2:

Operational Framework



CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlined the methodology employed in conducting the study. It detailed the research design, target population, sampling framework, selected sample size, and the techniques used for sampling. Additionally, it discussed the data collection instruments and procedures, along with the methods for data analysis and presentation.

3.2 Research Design

Research design was the structured plan for data collection and analysis that aligned the research objectives with effective procedural execution (Bloomfield & Fisher, 2019). This study adopted a descriptive research design to explore the relationship between strategy implementation and the performance of commercial banks in Kenya. The descriptive design was effective for answering questions related to "what," "which," and "when," which were essential in understanding the connection between strategic management and bank performance.

Structured questionnaires were used to gather quantitative data, allowing for statistical analysis to test hypotheses and quantify relationships (Orodho, 2019). This design enabled the researcher to systematically describe and analyze patterns and trends related to strategy implementation, providing a clear and factual basis for evaluating its impact on the performance of Tier One commercial banks in Nairobi County.

3.3 Target Population

The focus of this study was on Tier One commercial banks located in Nairobi County, Kenya, particularly those engaged in the process of strategy formulation and implementation. As of 2023, there were 11 Tier One commercial banks in Kenya (Appendix V). To ensure a comprehensive analysis of how strategy implementation influenced performance, the study focused on 263 managers responsible for key areas such as finance, operations, marketing, and human resources at the respective head offices. This approach enabled the gathering of valuable insights from individuals who were directly involved in executing strategies within the banks, offering a comprehensive understanding of how strategy implementation affected performance.

3.4 Sampling Procedure

A sampling procedure entailed choosing a smaller group from a larger target population to ensure that the sample accurately represented the overall characteristics of the population (Kumar, 2019). In this study, a stratified sampling method was employed to select a representative sample from the commercial banks in Kenya. The study used Yamane's formula to determine the number of banks that were sampled.

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

Where:

n = required sample size

N = total population size

e = margin of error (precision), expressed as a decimal (e.g., 0.05 for 5% margin of error)

$$n = \frac{11}{1 + 11(0.2^2)}$$

$$n = 8$$

The study therefore selected 8 Tier One banks. Specifically, it purposively selected one top manager, four senior managers, and six middle management employees from each bank. This approach resulted in a total sample of eleven employees per bank. A total of 88 respondents were included in the sample, with eight banks participating. Purposive sampling was particularly suited for selecting individuals who possessed specialized knowledge, experience, or expertise pertinent to the study. In this case, senior and middle management employees in banks were deliberately selected because they had a deeper understanding of the banks' operations, strategies, and performance. These roles were likely to provide the most meaningful insights into the research topics, making them essential for achieving the study's objectives.

The stratified sampling approach guaranteed that employees from different managerial levels within the chosen banks were included, offering a thorough understanding of how strategy implementation impacted the performance of the commercial banks studied. Stratified sampling ensured that different subgroups (or strata) within the population were represented in the sample. By stratifying based on managerial levels—such as senior and middle management—the study captured a diverse range of perspectives and insights regarding strategy implementation. This representation was crucial for understanding how different levels of management influenced performance.

Table 3. 1:

Sample Size

Bank Category	**Tier One**
Number of banks	8
Top management (1 per bank)	8
Senior management (4 per Bank)	32
Middle management (6 per Bank)	48
Total	**88**

Source: Tier One HR handbook (2024)

3.5 Data Collection Instruments

Saunders et al. (2019) described a research instrument as a tool used for data collection, specifically designed to evaluate knowledge, attitudes, and skills. This study relied on primary data, with a questionnaire serving as the main data collection instrument. Questionnaires were preferred as they allowed participants to provide detailed insights on the topic. Data were gathered using structured questionnaires, with responses measured on a 5-point Likert scale.

The Likert scale, an interval measurement tool, consisted of five response options: strongly disagree, disagree, neutral, agree, and strongly agree, which helped gauge the level of agreement or disagreement. This method was particularly effective as it ensured uniformity in the questions asked and facilitated straightforward data analysis. Likert scales were widely used for assessing perceptions, attitudes, values, and behaviors (Kumar, 2019). The questionnaire was the most suitable instrument for this study as it enabled the researcher to collect firsthand information efficiently.

3.7 Pilot Study

The questionnaire and interview guides underwent a pilot study before being used for the actual data collection process. A pilot study was essential to ensure that the data collection tools were effective and clear, and to identify any issues that might have arisen during the full data collection process. Kothari (2019) explained that a pilot study is a preliminary process that allows the researcher to test the questionnaire on a small group of respondents before conducting the full study. This allowed the researcher to obtain feedback and make necessary adjustments to the instrument. The feedback received during the pilot study helped to refine the questionnaire and interview guides, ensuring that the questions were clear and capable of capturing the intended data without ambiguity.

Additional pilot tests were conducted to assess the validity and reliability of the data collection instrument. A pilot study was carried out on 5% of the sample population, which was included in the final research (Bloomfield & Fisher, 2019). This corresponded to two commercial banks. According to Kothari (2019), pilot test participants do not require statistical selection, and a sample size of 5–10% of the population is considered sufficient. Based on this guideline, a pilot test involving four commercial banks, representing 10% of the target population, was deemed appropriate for this study. Consequently, 18 questionnaires were distributed to 11 respondents from one Tier One bank outside Nairobi County for piloting purposes.

3.8 Reliability and Validity

Bell et al. (2018) described reliability as the consistency and dependability of a measurement. It could be enhanced by incorporating multiple similar items in an assessment, testing a diverse group of participants, and maintaining standardized testing procedures. In this study, reliability was evaluated using Cronbach's alpha, a widely used measure of internal consistency that assesses the correlation among responses in a data collection instrument. Cronbach (1984) stated that a Cronbach's alpha coefficient of 0.7 or higher is considered acceptable, as some degree of random error is inevitable in any research process. While a value above 0.7 was generally preferred, a coefficient of 0.6 was deemed acceptable for entirely new instruments.

3.9 Validity of Data Collection Instruments

Kumar (2019) defined validity as the degree to which a research instrument accurately captured the variable it was designed to measure. To enhance validity, the study supervisors reviewed the questionnaire alongside the researcher, offering expert feedback to refine its effectiveness. Additionally, faculty members from the Department of Business at Kenya Methodist University were consulted to ensure the instrument met validity standards, particularly in terms of face, construct, and content validity. Content validity specifically focused on ensuring that the questionnaire was clear, well-structured, and easy for respondents to understand and use.

3.10 Data Collection Methods

Orodho (2019) defined data collection as a systematic and structured approach to obtaining information relevant to the research objectives. In this study, after securing an official letter

from the university, a research permit was sought from the National Commission for Science, Technology, and Innovation (NACOSTI), with approval anticipated within two weeks. Once the necessary approvals were obtained, copies were attached to the questionnaires before distribution to the selected respondents. Data was gathered using the drop-and-pick method. Additionally, a list of banks along with their contact details was sourced online, and each institution was contacted to schedule appointments with the appropriate managers.

Once appointments were confirmed, questionnaires were distributed to the selected respondents. Respondents were given one week to respond to the questionnaires. If the respondents were unable to complete the questionnaires within one week, they were granted an additional week to do so. This extended timeframe allowed respondents sufficient time to thoughtfully answer the questions. The use of the drop-and-pick methodology was expected to enhance the response rate of the study, making it the most appropriate method for this research. Data collection took place at the headquarters of the commercial banks in Nairobi. In cases where questionnaires were not returned, the researcher followed up by inquiring with the bank managers to determine the reasons for non-response. This follow-up was important to ensure that any barriers to participation were identified and addressed, thus ensuring the completeness and reliability of the data.

3.11 Data Analysis

Kothari (2019) defined data analysis as the systematic process of handling, organizing, and interpreting data to extract meaningful insights. In this study, data gathered through questionnaires were analyzed quantitatively using both descriptive and inferential

statistical methods. Statistical analysis was conducted using SPSS version 26 to generate relevant findings. Descriptive statistics, including measures such as the mean and standard deviation, were applied to summarize key characteristics of the study variables. Both graphical and numerical summaries were utilized to present an overview of the dataset. Additionally, inferential statistical techniques, including correlation and regression analysis, were employed to examine relationships between variables.

To assess the impact of resource allocation, leadership style, organizational structure, and technological integration on performance, inferential statistics such as regression coefficients and bivariate correlation analysis were applied. The study utilized a multivariate regression model to determine the coefficients of predictor variables in relation to the dependent variable (performance).

$Y = \beta_0 + \beta_i X_j + \varepsilon, (i,j = 1, 2, 3, 4)$ ………………………………….... (1a)

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$……………………………. (1b)

Where:

Y = Bank performance; X_1 = Resource allocation; X_2= Leadership style; X_3 = organizational structure; X_4= Technological requirements and ε = Error term

In this model, β_0 represented the intercept, while the coefficients β_i ($i = 1…4$) indicated the degree to which changes in the independent variables influenced the dependent variable (Y). The error term (ε) accounted for any unexplained variations within the model. Model (1a) is a bivariate linear regression model that was used to test the hypothesis of this study while model (1b) is a multiple linear regression model what was used to show the combined effect of all variables.

The findings were illustrated using tables, graphs, and charts for better visualization. To evaluate the effect of strategy implementation on commercial bank performance, the p-value was compared to a 0.05 threshold for statistical significance. If the p-value of a given beta coefficient fell below 0.05, the null hypothesis was dismissed, suggesting a significant relationship. However, if the p-value exceeded 0.05, the null hypothesis was upheld, indicating no statistically meaningful effect.

3.11.1 Diagnostic Tests

Before carrying out regression analysis, diagnostic assessments were performed to confirm that the fundamental assumptions of the Ordinary Least Squares (OLS) regression model were satisfied. The key assumptions examined included multicollinearity, normality, autocorrelation, and heteroscedasticity in the dependent variable. Multicollinearity was assessed using Variance Inflation Factors (VIFs), which indicated the extent to which the variance of a regression coefficient was exaggerated due to interdependence among independent variables. A VIF of 1 signified no collinearity, while values greater than 1 suggested its presence. The VIF was determined using the formula: $VIF = 1 / (1 - R^2)$, where R represented the multiple correlation coefficient for the predictor variable. Higher VIF values indicated strong associations with other explanatory variables, which could compromise the accuracy of regression estimates.

To evaluate whether the dataset adhered to a normal distribution, a normality assessment was conducted. One widely adopted method was the Kolmogorov-Smirnov test, which contrasted the actual distribution of the dataset with an expected normal distribution. The test statistic was computed using the equation: $KS = \max (\text{abs} (F(x) - f(x)))$, where F(x)

denoted the empirical cumulative distribution function, and f(x) represented the theoretical cumulative distribution function. A larger test statistic indicated significant deviation from normality.

Heteroscedasticity, which referred to inconsistent variance in residuals across observations, was examined using the Breusch-Pagan test. The test statistic was computed as $BP = n (R^2 - r^2) / (1 - r^2)$, where *n* signified the number of observations, R^2 represented the multiple correlation coefficient, and r^2 was the correlation coefficient between the predictor and response variable. A higher BP test statistic suggested the presence of heteroscedasticity in the dataset.

The Durbin-Watson (DW) statistic was used to test for first-order autocorrelation in regression residuals. The range was from 0 to 4, where a value near 2 indicated the absence of autocorrelation. Values below 2 suggested the presence of positive autocorrelation, while values above 2 indicated negative autocorrelation. To interpret the DW statistic, it was compared to critical values based on sample size and the number of predictors. Values significantly lower than the lower bound indicated positive autocorrelation, values above the upper bound suggested no significant autocorrelation, and values between the bounds were considered inconclusive. This test was essential for assessing the validity of the regression model by detecting residual correlation.

3.12 Ethical Consideration

This study adhered to ethical guidelines by ensuring that all sources of information were appropriately acknowledged wherever applicable. Before administering the questionnaires, informed consent was sought from participants, who were also informed of their right to

withdraw from the survey at any stage. Strict confidentiality was maintained, safeguarding both the responses and the identities of the respondents. Special consideration was given when addressing questions that might have been sensitive, personal, or emotionally triggering. Participants were assured that the data collected would be used exclusively for academic purposes and would not be exploited for unethical gain, harm, or personal benefit. The research upheld principles of transparency, fairness, and respect for privacy throughout its execution.

CHAPTER FOUR

RESEARCH RESULTS AND DISCUSSION

4.1 Introduction

This chapter provided an overview of the response rates, pilot study results, demographic characteristics, and descriptive analysis. It also presented the results of diagnostic tests that assessed multicollinearity, normality, heteroscedasticity, autocorrelation, and linearity. The inferential analysis interpreted these results with respect to the research objectives and hypotheses. The chapter concluded by discussing the findings in the context of relevant literature, providing insights that enhanced the understanding of the study's key research questions.

4.2 Response Rate

A total of 88 questionnaires were distributed to respondents across the 11 Tier One commercial banks in Nairobi County. Of these, 73 were properly filled out and returned, resulting in a response rate of 82.95%.

Table 4. 1:

Response Rate

Category	Targeted respondents	Responded	Percentage (%)
Senior management	30	25	34.2
Middle management	58	48	65.8
Total	**88**	**73**	**100.0**

Table 4.1 shows that 25 out of 30 senior management respondents (34.2%) completed and returned the questionnaires. For middle management, 48 out of 58 respondents (65.8%)

participated. In total, 73 responses were received from the 88 targeted respondents, resulting in an overall response rate of 100%. This high response rate highlights the reliability and robustness of the data, ensuring that the findings are both representative and valid for analysis.

According to Poth and Shannon-Baker (2022), a response rate of 50% or higher is generally acceptable, 60% is considered good, and 70% or higher is viewed as excellent (Mertens, 2021). The 100% response rate in this study significantly exceeded these benchmarks, reflecting a strong level of engagement and further ensuring the reliability of the data for in-depth analysis.

4.3 Pilot Study Results

A pilot study was conducted prior to the main data collection to pre-test the research instruments and ensure their effectiveness. The purpose of the pilot study was to test the feasibility of the instruments, identify potential issues in the data collection process, and refine the tools to enhance their reliability and validity (Kothari, 2019). This was critical in addressing any issues before proceeding with the main data collection.

In this study, the pilot involved 9 respondents, representing 10% of the total sample size of 88. The respondents were drawn from eight Tier One commercial banks which were not part of the sample in Kiambu County, ensuring that the sample was representative of the target population. Participants from top management, senior management, and middle management were included, providing a diverse range of perspectives from different levels of responsibility. This helped assess the instrument's clarity, relevance, and reliability, ensuring that the questions were understandable and applicable across various roles.

The feedback obtained from the pilot study revealed minor issues, such as unclear phrasing in specific questions and a few instances of respondents leaving questions unanswered due to ambiguity. As a result, the questionnaire was refined to improve clarity and reduce confusion. Additionally, the survey length was adjusted by removing redundant questions and rewording certain items to improve flow and respondent engagement.

4.3.1 Reliability Test

Reliability refers to the consistency of a research instrument in accurately measuring what it is intended to measure (Johnson & Lee, 2021). In this study, reliability was assessed using Cronbach's Alpha, a statistical measure of internal consistency. A Cronbach's Alpha value of 0.70 or above is generally regarded as acceptable for demonstrating reliability .

Table 4. 2:
Reliability Results

Variable	Alpha Statistics	No. of items
Resource Allocation	0.791	9
Leadership Style	0.711	8
Organizational Structure	0.732	9
Attention to technological requirements	0.739	9
performance	0.764	11

All constructs recorded Cronbach's Alpha values above the 0.70 benchmark, indicating moderate to acceptable internal consistency across the variables. Leadership Style (0.711) and Organizational Structure (0.732), while closer to the threshold, still met the acceptable standard for reliability in exploratory research. These findings demonstrate that the instrument had sufficient internal consistency to proceed with further analysis. In conclusion, the reliability analysis confirms that the data collection instrument was

generally consistent and stable, supporting the validity of the subsequent findings and interpretations.

4.3.2 Validity Test

Validity refers to the extent to which a research instrument accurately captures the concept it is intended to measure, ensuring that the findings are both meaningful and aligned with the study's objectives. In this study, multiple forms of validity were tested, including content validity, face validity, and construct validity, to confirm the overall quality and relevance of the instrument in measuring key variables such as resource allocation, leadership style, organizational structure, and attention to technological requirements.

Content validity involves evaluating whether the instrument comprehensively covers all aspects of the concept under investigation. It ensures that the questions represent the full scope of the topic without omitting essential components (Chen & Yao, 2023). To establish content validity in this study, input was sought from subject matter experts in the banking sector and academic researchers with experience in financial technology. Senior managers from Tier one commercial banks reviewed the questionnaire to verify that the items adequately reflected the constructs being studied. Their suggestions led to refinements in the instrument, improving its coverage and ensuring alignment with the study's goals.

Face validity examines whether, on the surface, the instrument appears to measure what it is intended to measure. This type of validity is often assessed by non-experts based on clarity, relevance, and presentation (Bartoo et al., 2025) In this study, face validity was ensured by engaging a group of bank managers to review the questionnaire. Their feedback confirmed that the items seemed relevant to their roles and responsibilities, and that the

questions were clear, practical, and reflective of real-world banking operations. Minor changes were made to improve language simplicity and ensure better comprehension.

Construct validity assesses whether the instrument truly measures the theoretical construct it claims to represent. This form of validity is particularly important in confirming the underlying dimensions of complex concepts (Njoroge et al., 2025). Construct validity in this study was tested using the Kaiser-Meyer-Olkin (KMO) measure and Bartlett's Test of Sphericity to evaluate the suitability of the data for factor analysis.

The KMO values for all key variables ranged from 0.743 to 0.884, which exceeds the recommended threshold of 0.7, indicating that the sample was adequate for factor analysis. Furthermore, Bartlett's Test of Sphericity returned statistically significant results ($p < 0.001$) for all variables, confirming that the data structure was appropriate for exploring underlying factor relationships. These results provided strong evidence for the construct validity of the measures used for resource allocation, leadership style, organizational structure, and attention to technological requirements.

Table 4. 3:

Validity test of Study Variables

Variable	KMO	Bartlett's Test of Sphericity		
		Approx. Chi Square	df	Sig
Resource Allocation	0.884	7227.519	36	0.000
Leadership Style strategy	0.783	545.847	21	0.000
Organizational Structure	0.743	493.218	36	0.000
Attention to technological requirements	0.812	652.687	36	0.000

4.4. Demographic characteristics of the respondents

This section provided an overview of the respondents' demographic characteristics, which were crucial for understanding the context of their responses. These characteristics, including ownership structure, number of branches, and geographical coverage, offered valuable insights into the individuals involved in decision-making and operational roles within commercial banks. This helped contextualize the responses received, ensuring a more comprehensive analysis of the relationship between strategy implementation and the performance of commercial banks in Kenya.

4.4.1 Ownership Structure

The study sought to gather information on the ownership structure of the respondents' banks, which was illustrated in Table 4.4.

Table 4. 4:

Respondents by Ownership Structure

Ownership Type	Frequency	Percentage (%)
Private	30	41.1%
Public	18	24.7%
Government-owned	13	17.8%
Joint Venture (PPP)	12	16.4%
Total	**73**	**100.0%**

Source: Research data 2025

The results indicated that the majority of respondents were associated with private banks (41.1%), followed by public banks (24.7%), government-owned banks (17.8%), and joint ventures (PPP) (16.4%). This distribution reflected the dominant role of private ownership in the banking sector, with public and government-owned banks holding significant but secondary positions. Similar trends had been observed in other studies. Johnson (2021) found that private banks dominated the banking sector due to their competitiveness and operational flexibility, while Smith and Clark (2022) observed that government-owned banks, despite promoting financial inclusion, faced challenges such as limited innovation and reliance on public funding.

These findings highlighted the need for a strategic balance in the banking sector's ownership structure, where private banks drive innovation, while public and government-owned banks ensure financial inclusion. Policy interventions, including strengthening public-private partnerships (PPP), could enhance access to financial services for underserved populations.

4.4.2 Number of branches

The study sought to gather information on the Number of branches of the respondents' banks, which was presented in Table 4.5.

Table 4. 5:

Distribution of Respondents by Number of Branches

Number of Branches	Frequency	Percentage
1-10	25	34.25%
11-50	26	35.62%
51-100	14	19.18%
More than 100	8	10.96%
Total	**73**	**100.0**

Source: Research data 2025

The results show that the majority of respondents were from banks with smaller to mid-sized operations. Specifically, 35.62% of respondents (26 out of 73) represented banks with 11-50 branches, and 34.25% (25 out of 73) were from banks with 1-10 branches. This suggests that smaller and regional banks dominate the sample, likely reflecting the structure of the banking industry, where such banks serve niche markets and provide personalized services.

In contrast, 19.18% (14 out of 73) of respondents were from banks with 51-100 branches, and only 10.96% (8 out of 73) were from banks with more than 100 branches. These findings indicate that while larger banks are significant players, smaller banks have a more substantial representation in the sample.

The distribution aligns with industry trends, where mid-sized and regional banks often focus on flexibility and community-specific services, while larger banks emphasize

efficiency and scalability. As Mbirira et al. (2023) noted, mid-sized banks play a vital role in regional markets due to their adaptability. Similarly, Njenga and Odollo (2023) observed that smaller banks often perform better by responding quickly to shifts in consumer behavior.

Overall, the results suggest that while larger banks are vital to the banking sector, smaller banks remain key players, and ensuring a balance between innovation and operational efficiency is crucial for future growth.

4.4.3 Geographical Coverage

The study aimed to determine the Geographical Coverage of the respondents' banks, as shown in Table 4.6.

Table 4. 6:

Geographical Coverage of the respondents' banks

Geographical Coverage	Frequency (F)	Percentage (%)
National	37	50.68%
Regional	29	39.73%
International	7	9.59%
Total	**73**	**100.0**

Source: Research data 2025

The majority of respondents, 37 (50.68%), reported that their banks operate on a national level, emphasizing the importance of serving the domestic market. This highlights the focus of many banks on national operations, catering to a broad customer base within their respective countries. In addition, 29 respondents (39.73%) indicated that their banks have regional coverage, signifying a significant portion of banks that expand their reach to several states or provinces within their country. This regional approach reflects a strategic

focus on local markets while still avoiding the complexities of nationwide or international operations.

On the other hand, only 7 respondents (9.59%) stated that their banks provide international coverage. This relatively smaller proportion highlights the challenges associated with global expansion and suggests that international operations are less common, possibly due to regulatory hurdles, market competition, or resource constraints.

These findings align with industry trends where most banks prioritize national or regional markets. In line with earlier research, it can be inferred that many banks prefer to focus on domestic growth, as it often involves less complexity and risk compared to international ventures. This underlines the banking sector's emphasis on expanding within familiar territories while limiting exposure to the challenges of global markets.

4.5 Descriptive Results

This section presents the descriptive statistics that summarize the main features of the data collected for each study variable. Descriptive analysis was conducted to provide a clear overview of the responses related to resource allocation, leadership style, organizational structure, attention to technological requirements, and performance. The analysis includes measures such as number, minimum, maximum, means, and standard deviations, which help to illustrate the central tendencies and variability in the data.

The ordinal data collected using a 5-point Likert scale was transformed into a continuous scale to facilitate interpretation. This was achieved by dividing the total range between scale points (i.e., 4 units) by the number of response intervals (5), yielding an interval width

of 0.8. Based on this, a new continuous scale was established as follows: 1.0–1.8, 1.8–2.6, 2.6–3.4, 3.4–4.2, and 4.2–5.0. Within this framework, a mean score of 3.4 served as the threshold for determining the direction of respondent agreement. Specifically, mean scores above 3.4 indicated agreement with the given constructs, while scores below 3.4 signified disagreements. This transformation enhanced the clarity and precision of interpreting the mean values generated in the descriptive statistical analysis (Carifio & Perla, 2008; Norman, 2010). Although Likert scale data are ordinal by design, many scholars argue that treating them as interval data in practical research contexts is acceptable, particularly when the scale consists of five or more categories and when parametric statistics are applied carefully (Sullivan & Artino, 2013). This transformation made it possible to draw more nuanced conclusions from the data and to conduct further inferential analysis such as correlation and regression.

4.5.1 Descriptive Results for Resource Allocation

The first independent variable, resource allocation, assessed how resources are allocated to align with the bank's strategic objectives. Respondents rated statements related to budget allocation, human resource distribution, and asset utilization. Results are presented in Table 4.7

Table 4. 7:
Descriptive Results for Resource Allocation

	N	Min	Max	Mean	Standard Deviation
Budget Allocation					
The budget allocated for key projects is sufficient to meet organizational objectives	73	1	5	3.8	1.16
Management ensures that financial resources are optimally distributed across departments.	73	1	5	3.1	1.30
There is regular monitoring to ensure that budget utilization aligns with the bank's strategic goals	73	1	5	3.2	1.21
Human Resource Allocation	73	1	5		
The organization effectively allocates human resources to critical areas for maximum productivity.	73	1	5	3.5	1.20
We have the right number of staff to implement strategic initiatives efficiently.	73	1	5	3.8	1.12
Staff assignments are regularly reviewed and adjusted to meet evolving strategic demands.	73	1	5	3.7	1.20
Asset Utilization	73	1	5		
Our physical and financial assets are fully utilized to support the organization's performance.	73	1	5	3.4	1.27
Management effectively allocates tangible assets to enhance operational efficiency.	73	1	5	3.2	1.31
Asset utilization strategies are in place to ensure assets contribute to long-term profitability	73	1	5	2.9	1.43

The descriptive results for the resource allocation revealed a mix of agreement and disagreement across different aspects of the bank's operations. Regarding budget allocation, respondents generally agreed that the budget allocated for key projects was sufficient to meet organizational objectives, as reflected by a mean score of 3.8, indicating strong agreement. However, there was some disagreement about whether financial resources were optimally distributed across departments, with a mean score of 3.1, suggesting some misalignment. Respondents indicated that management could have improved regular monitoring to ensure budget utilization aligned with the bank's strategic goals, as reflected by a mean score of 3.2.

In terms of human resource allocation, respondents expressed general agreement that the organization effectively allocated human resources to critical areas for maximum productivity, with a mean score of 3.5, reflecting a positive response. Similarly, respondents felt that the bank had the right number of staff to implement strategic initiatives efficiently, evidenced by a mean score of 3.8. However, respondents noted that staff assignments could have been reviewed more regularly to meet evolving strategic demands, as reflected by the mean score of 3.7, indicating room for improvement.

Regarding asset utilization, respondents were moderately positive about the extent to which physical and financial assets were fully utilized to support performance, with a mean score of 3.4. However, a mean score of 3.2 indicated some ambiguity regarding the effectiveness of management in allocating tangible assets to enhance operational efficiency. Respondents expressed significant concern about the bank's long-term asset utilization strategies, as shown by a mean score of 2.9, suggesting that improvement was needed in this area.

These results indicated that while Tier One Commercial Banks in Nairobi County generally performed well in resource allocation, specific improvements were needed in particular areas. For instance, better monitoring of budget utilization and more regular reviews of staff assignments could have improved operational efficiency (Laiyan et al., 2020). Additionally, enhancing asset utilization strategies with a focus on long-term profitability would have been crucial for ensuring sustainable growth.

4.5.2 Descriptive Results for Leadership Style

The second independent variable, Leadership Style, assessed how different leadership approaches influence the bank's operations and strategic alignment. Respondents rated statements related to Transformational Leadership**,** Laissez-Faire Leadership**,** and Democratic (Participative) Leadership. The results from the respondents are presented in Table 4.8

Table 4. 8:

Descriptive Results for Leadership Style

	N	Min	Max	M	STD
Transformational Leadership					
Leadership consistently communicates the organizational vision to all employees.	73	1	5	3.6	1.08
Leadership in this bank values new ideas from employees.	73	1	5	2.6	1.16
Leadership in my organization is supportive of individual employee needs.	73	1	5	3.2	1.14
Laissez-Faire Leadership					
My leader gives employees full responsibility for their tasks.	73	1	5	3.2	1.29
Employees are expected to complete tasks without regular guidance.	73	1	5	3.6	1.08
Support systems are in place to address employee concerns related to strategy implementation.	73	1	5	3.8	1.11
Democratic (Participative) Leadership					
Management actively involves employees at all levels in the strategy implementation process.	73	1	5	3.8	1.00
There is a strong sense of ownership among staff regarding the bank's strategic goals.	73	1	5	3.4	1.33
Employees' feedback is regularly sought and incorporated into strategy implementation decisions.	73	1	5	3.3	1.21`

The descriptive results for the leadership styles showed a varied range of agreement and disagreement across different dimensions of leadership in the organization. Regarding

Transformational Leadership, respondents showed agreement with the statement that leadership consistently communicated the organizational vision to all employees, as evidenced by a mean score of 3.6. This suggested that employees recognized and appreciated the leadership's effort to communicate a clear vision. However, a lower level of agreement was observed in relation to the value placed on new ideas from employees, with a mean score of 2.6, indicating some level of disagreement that leadership embraced innovative contributions from staff. This indicates that leadership might not have fully created an environment for idea generation. Additionally, leadership's support for individual employee needs was perceived more positively, with a mean score of 3.2, highlighting general support but also some variation in how it was perceived by employees.

In terms of Laissez-Faire Leadership, responses were more mixed. The statement that leaders gave employees full responsibility for their tasks received a neutral stance, reflected by a mean score of 3.2, showing that while some employees felt empowered, others may have felt a lack of guidance or support. Similarly, employees felt divided on whether they were expected to complete tasks without regular guidance, with a higher mean score of 3.6 indicating a general tendency towards more autonomy in task completion. However, the support systems for addressing employee concerns related to strategy implementation were perceived more favorably, with a mean score of 3.8, suggesting that employees felt support systems were in place when needed. This implies that while a hands-off approach is used, leadership ensures necessary resources are available.

Regarding Democratic (Participative) Leadership, there was a general sense of involvement and ownership among employees. Management's active involvement of

employees in the strategy implementation process received a relatively high mean score of 3.8, indicating strong agreement that employees were included in decision-making processes. Similarly, a sense of ownership regarding the bank's strategic goals was also well-received, with a mean score of 3.4, showing that employees felt invested in the organization’s objectives. On the other hand, the statement about regularly seeking and incorporating employee feedback into strategy decisions was met with moderate agreement, as reflected by a mean score of 3.3, indicating that while feedback was collected, the extent to which it influenced decisions may have varied.

These results suggested that leadership in the organization generally fostered a positive environment, especially in communication, support systems, and employee involvement in decision-making. However, there is room for improvement in areas like encouraging innovation and providing consistent guidance. Recent studies highlight the importance of adaptive leadership that integrates employee feedback to improve organizational outcomes (Smith & Johnson, 2022; Patel, 2023). Additionally, ongoing leadership support and active engagement with employee ideas are key to ensuring long-term success (Nguyen & Tran, 2024). A balance between transformational, laissez-faire, and democratic leadership styles could further enhance the organization's effectiveness and cohesiveness.

4.5.3 Descriptive Results for Organizational Structure

The third independent variable, Organizational Structure, assessed how different organizational frameworks influence the bank's operations and strategic alignment.

Respondents rated statements related to Hierarchy Levels, Formalization, and Span of Control. The results from the respondents are presented in Table 4.9

Table 4. 9:
Descriptive Results for Organizational Structure

	N	Min	Max	Mean	Standard Deviation
Hierarchy Levels					
The current organizational hierarchy effectively supports decision-making and implementation.	73	1	5	2.4	1.27
Hierarchical layers in the bank enable efficient communication and strategy execution.	73	1	5	3.3	1.26
The chain of command is clearly defined and helps streamline strategic initiatives.	73	1	5	2.9	1.27
Formalization	73	1	5		
Policies and procedures are well-documented, aiding the implementation of our strategies.	73	1	5	2.6	1.16
Formal processes guide the strategic activities in the bank effectively.	73	1	5	2.6	1.27
The degree of formalization ensures that all strategic decisions follow a clear, structured path.	73	1	5	2.3	1.16
Span of Control	73	1	5		
Managers have an appropriate span of control to oversee staff effectively.	73	1	5	3.3	1.18
The number of direct reports per manager ensures efficient supervision and strategy implementation.	73	1	5	3.7	1.15
The organization's span of control enhances quick decision-making and resource allocation.	73	1	5	3.2	1.15

The descriptive results for Organizational Structure indicated a combination of agreement and disagreement across the various dimensions of hierarchy, formalization, and span of control. Regarding Hierarchy Levels, respondents generally agreed that the current

organizational hierarchy supported decision-making and implementation, as evidenced by a mean score of 2.4 and a standard deviation of 1.27. This suggested that the hierarchy was seen as effective, but there was some variation in responses. Similarly, for the statement that hierarchical layers enabled efficient communication and strategy execution, respondents showed moderate agreement, with a mean score of 3.3 and a standard deviation of 1.26, reflecting some diversity in opinions. The statement about the chain of command being clearly defined and streamlining strategic initiatives also received a favorable response, with a mean score of 2.9, indicating a positive outlook, though responses varied slightly (SD = 1.27).

In terms of Formalization, the findings suggested that respondents agreed that well-documented policies and procedures aided in strategy implementation, with a mean score of 2.6 (SD = 1.16). This indicated general approval, though there was still some diversity in opinions. Similarly, respondents agreed that formal processes guided strategic activities effectively, with a mean score of 2.6 and a standard deviation of 1.27. This showed a generally positive but varied outlook on the effectiveness of formal processes. When asked about the degree of formalization ensuring that strategic decisions followed a clear and structured path, the mean score was 2.3 (SD = 1.16), suggesting that most respondents felt formalization was beneficial, but there was some disagreement, as evidenced by the standard deviation.

For Span of Control, respondents expressed a generally positive view regarding the appropriateness of managers' span of control, with a mean score of 3.3 (SD = 1.18). However, some disagreement was apparent, as reflected by the standard deviation. In terms

of whether the number of direct reports ensured efficient supervision, respondents showed strong agreement, with a mean score of 3.7 (SD = 1.15), indicating a consensus that the span of control facilitated effective supervision. Lastly, regarding whether the span of control enhanced quick decision-making and resource allocation, respondents expressed a moderate level of agreement, as reflected by a mean score of 3.2 (SD = 1.15). This indicated that, while the span of control was seen as beneficial, there was room for further improvement in decision-making speed and resource allocation.

These findings highlighted the mixed nature of opinions on various aspects of organizational structure. While there was agreement on the effectiveness of certain elements, such as the chain of command and formal processes, there was also notable variability in responses, particularly regarding formalization and the span of control. The results suggested that while many respondents believed the current structure supported decision-making, further optimization could enhance its overall effectiveness. This aligned with recent studies, such as those by Smith (2022), who found that organizational alignment positively influenced strategic implementation, and Prendergast (2023) who emphasized the need for continuous refinement of formal processes to improve performance.

4.5.4 Descriptive Results for Attention to technological requirements

The fourth independent variable, Attention to Technological Requirements, assessed how the bank prioritizes and addresses its technological needs in operations and strategic planning. Respondents rated statements related to the bank's Technology Adoption Rate,

System Interoperability, and Support for Technology Use. The results from the respondents are presented in Table 4.10

Table 4. 10:

Descriptive Results for Attention to Technological Requirements

	N	Min	Max	Mean	Standard Deviation
Technology Adoption Rate					
The bank adopts new technologies at a pace that supports organizational growth	73	1	5	3.9	0.94
Technology adoption is a priority in our strategy implementation efforts.	73	1	5	3.6	1.01
Our technology adoption rate aligns with industry standards, helping improve performance.	73	1	5	3.3	1.06
System Interoperability					
Our systems integrate seamlessly to support strategy implementation across departments.	73	1	5	3.2	1.14
There is high interoperability between different technology platforms within the bank.	73	1	5	3.8	0.88
System interoperability enhances our ability to execute strategic objectives efficiently.	73	1	5	3.4	1.09
Support for Technology Use					
Employees receive comprehensive support in using new technologies to achieve their targets.	73	1	5	3.4	1.07
The organization provides adequate resources to ensure staff can utilize technology effectively.	73	1	5	3.3	1.17
Technology support systems are reliable and accessible to all employees when needed.	73	1	5	3.2	1.17`

The descriptive results for Attention to Technological Requirements indicated a combination of agreement and disagreement across the various dimensions of Technology

Adoption Rate**,** System Interoperability**,** and Support for Technology Use. Regarding Technology Adoption Rate, respondents indicated that the bank adopted new technologies at a pace that supported organizational growth, with a mean score of 3.9 (SD = 0.94), suggesting strong agreement that technology adoption was a key priority. Similarly, 52.1% of respondents agreed that technology adoption was prioritized in the bank's strategy implementation, reflected by a mean score of 3.6 (SD = 1.01), although some responses were more neutral. In terms of alignment with industry standards, the bank's technology adoption was seen as somewhat satisfactory, with a mean score of 3.3 (SD = 1.06), but a substantial portion of respondents (23.3%) expressed disagreement, indicating room for improvement in this area.

For System Interoperability, respondents showed strong agreement that the bank's systems integrated well to support strategy execution across departments, with a mean score of 3.2 (SD = 1.14). However, there was some variability, as 15.1% disagreed with the statement. The interoperability between technology platforms was rated highly, with a mean score of 3.8 (SD = 0.88), suggesting that different technological systems within the bank worked together effectively. System interoperability was also seen as enhancing the ability to execute strategic objectives, reflected by a mean score of 3.4 (SD = 1.09), although 19.2% of respondents expressed disagreement.

Finally, concerning Support for Technology Use, the results indicated that employees received adequate support in using new technologies to achieve their targets, with a mean score of 3.4 (SD = 1.07). However, 20.5% of respondents disagreed, suggesting that there may have been areas to improve in supporting employees with new technological tools.

The organization was seen to provide adequate resources to ensure staff could utilize technology effectively, with a mean score of 3.3 (SD = 1.17), though 21.9% of respondents disagreed. Technology support systems were generally viewed as reliable and accessible, with a mean score of 3.2 (SD = 1.17), although some respondents felt there was room for improvement.

In conclusion, the results showed that the bank had made significant strides in implementing new technologies and supporting their integration across departments. However, there were areas that required attention, particularly in ensuring that technology adoption aligned more closely with industry standards and in enhancing support systems for employees to fully utilize technological tools. These findings suggested that while progress had been made, there was still room for improvement in certain aspects of technological support and alignment with industry norms. This aligned with recent studies by Gupta and Sharma (2022), who emphasized the need for industry alignment, and Zhang (2023), who highlighted the importance of robust support systems for successful technology implementation.

4.5.5 Descriptive Results for Organizational Performance

The descriptive results for performance assessed how the bank’s overall success and effectiveness in achieving its goals were influenced by factors such as financial performance, customer satisfaction, operational efficiency and technology adoption and efficiency. Respondents rated statements related to the bank's ability to meet its strategic objectives, adapt to market changes, and enhance customer experiences. The results from the respondents are presented in Table 4.11

Table 4. 11:

Descriptive Results for Organizational Performance

	N	Min	Max	Mean	Standard Deviation
Financial Performance					
The bank's effective utilization of strategy implementation positively influences ROA by expanding revenue streams	73	1	5	3.5	1.06
ROE improvement through alternative strategies shows enhanced profitability from shareholder investments in Nairobi County	73	1	5	3.3	1.24
Net Interest Margin performance demonstrates the competitive advantage gained through effective use of strategy implementation.	73	1	5	3.1	1.21
Customer Satisfaction					
High customer satisfaction scores from strategy implementation indicate improved service accessibility and convenience in Nairobi County.	73	1	5	3.7	1.11
Customer feedback on alternative strategies reflects positive experiences and satisfaction with service quality.	73	1	5	3.2	1.34
Enhancing customer satisfaction through alternative strategies strengthens customer loyalty and retention	73	1	5	3.6	1.11
Operational Efficiency					
Effective management of operational risks associated with alternative strategies enhances operational efficiency	73	1	5	3.7	1.12
Alternative strategies optimize employee productivity by streamlining transaction processes and reducing workload	73	1	5	3.3	1.17
Technology Adoption and Efficiency					
Continuous improvement in technology efficiency supports strategic objectives and competitive positioning.	73	1	5	3.3	1.21`
Efficiency gains from technology adoption through alternative strategies improve transaction processing and service responsiveness.	73	1	5	3.2	1.29

High adoption rates of alternative banking technologies enhance operational efficiency and customer service capabilities.	73	1	5	3.4	1.27

The descriptive results for performance revealed a mix of agreement and disagreement across different aspects of the bank's operations. Regarding financial performance, respondents generally agreed that the bank's strategy implementation had positively influenced Return on Assets, with a mean score of 3.5 and a standard deviation of 1.06, suggesting a favorable opinion but some variability in responses. However, there was less consensus on whether the strategies had improved Return on Equity, which scored a mean of 3.3 and a standard deviation of 1.24, indicating some uncertainty about the effectiveness of these strategies in increasing shareholder profitability. Additionally, net interest margin performance, considered a key indicator of competitive advantage, had received a lower mean score of 3.1 and a standard deviation of 1.21, suggesting that respondents were divided in their opinions on the success of these strategies in improving financial outcomes.

When it came to customer satisfaction, respondents were generally positive. A high mean score of 3.7 for service accessibility and convenience, with a standard deviation of 1.11, indicated strong agreement that the strategies had positively influenced customer experience. However, there was less agreement on service quality, which scored a mean of 3.2 and a standard deviation of 1.34, pointing to mixed perceptions regarding the consistency of service improvements. Customer loyalty and retention, on the other hand, were seen more positively, with a mean score of 3.6 and a standard deviation of 1.11, suggesting that respondents generally agreed that the strategies had contributed to fostering customer loyalty.

In terms of operational efficiency, respondents showed a generally favorable view. The management of operational risks, with a mean score of 3.7 and a standard deviation of 1.12, had been seen as positively influencing operational efficiency. However, opinions had been more divided on the influence of strategy implementation on employee productivity, with a mean score of 3.3 and a standard deviation of 1.17, suggesting that while some respondents had observed positive outcomes, others did not perceive significant improvements in productivity.

Regarding technology adoption, respondents were cautiously optimistic. The adoption of new technologies had been viewed as beneficial for enhancing operational efficiency and customer service, with a mean score of 3.4 and a standard deviation of 1.27. However, respondents had been less convinced about the effectiveness of technology in supporting strategic objectives, as reflected by a mean score of 3.3 and a standard deviation of 1.21. Similarly, improvements in transaction processing and service responsiveness, which had received a mean score of 3.2 and a standard deviation of 1.29, showed that while some respondents had felt the technological changes were effective, others did not share the same view.

In summary, while respondents had acknowledged that strategy implementation had influenced performance positively in some areas, mixed opinions were evident across financial performance metrics like Return on Equity and net interest margin, as well as in employee productivity and technology adoption. These variations indicated that while some strategic initiatives had led to improvements, further refinement and consistent execution might have been necessary to achieve more widespread positive outcomes.

Studies by Sonmez Cakir and Adiguzel(2020), Mugambi and Imaita (2022) and Jamil, et al. (2025) similarly highlighted the challenges of aligning strategy implementation with desired financial outcomes and suggested that more targeted approaches could have ensured more consistent improvements across performance areas.

4.5.6 Performance Trends — Tier Three Commercial Banks in Kenya

This section analyzes performance trends of Tier Three commercial banks in Kenya from 2020 to 2024, focusing on credit risk, customer satisfaction, operational efficiency, and technology adoption, highlighting persistent challenges affecting their performance.

Table 4. 12:

Performance Trends — Tier one Commercial Banks in Kenya

Year	NPL Ratio (%)	Customer Satisfaction Score (%)	Average Service Time (Minutes)	% of Digital Transactions
2020	10.8	65	16	30
2021	12.6	62	18	32
2022	13.4	60	19	35
2023	14.7	59	20	36
2024	15.2	57	21	35

The declining performance trends of Tier one commercial banks in Kenya over the past five years highlight persistent strategic and operational challenges. The Non-Performing Loans (NPL) ratio has steadily increased from 10.8% in 2019 to 15.2% in 2023, reflecting deteriorating asset quality and ineffective credit risk management. This trend aligns with findings from the Central Bank of Kenya (2023), which reported a sector-wide increase in

NPLs due to weak loan monitoring frameworks and economic shocks (CBK, 2023). Customer satisfaction has also declined, dropping from 65% in 2019 to 57% in 2023, consistent with the KBA (2023) report indicating that 47.3% of customers switched banks due to poor service delivery and high fees (KBA, 2023). Although digital banking adoption rose, the percentage of digital transactions stagnated at 35% in 2023, indicating systemic inefficiencies in technology deployment. KBA (2023) observed that despite 56% of customers preferring digital platforms, many banks struggle with system reliability and scalability.

Operational efficiency has further deteriorated, with average service delivery time increasing from 16 minutes in 2019 to 21 minutes in 2023. This trend aligns with observations by Deloitte East Africa (2023), which noted that lower-tier banks often face process bottlenecks due to poor strategy execution and limited investment in operational optimization. Collectively, these findings echo Odhiambo and Njuguna (2021) assertion that many Kenyan banks face barriers in strategy implementation, particularly in aligning resource allocation, leadership, and technology initiatives with performance objectives. The inability of Tier Three banks to translate strategic plans into measurable performance improvements underscores the need for a more integrated and systematic approach to strategy execution that addresses operational inefficiencies, technological gaps, and customer service challenges.

4.6 Analytical Model Diagnostic Tests on Collected Data

Before applying any regression model to the data, it was crucial to ensure that the dataset satisfied the necessary assumptions for valid and reliable results. Violations of these

assumptions could have led to biased or misleading conclusions, undermining the integrity of the model. In this study, several diagnostic tests were conducted to verify that the data adhered to key assumptions required for regression analysis. These included tests for normality, multicollinearity, homoscedasticity, and linearity. By confirming that these assumptions were met, the study ensured that the regression model would yield accurate and reliable results. Recent literature underscores the significance of validating these assumptions, as failure to do so can severely compromise the robustness of the model and the conclusions drawn from it.

4.6.1 Test for Normality

The Kolmogorov-Smirnov Test was conducted to assess the normality of the data. This test was selected because it is well-suited for sample sizes like the 73 respondents in this study, and it allows for comparison against various theoretical distributions, including the normal distribution. The Kolmogorov-Smirnov Test compares the observed sample distribution to the expected normal distribution and generates a p-value to determine whether there is a significant deviation. If the p-value exceeded the standard significance level of 0.05, the null hypothesis of normality was not rejected, suggesting that the data followed a normal distribution. This test was essential in confirming that the data met the assumptions required for regression analysis, as many statistical methods, including regression, rely on the assumption of normality for accurate and valid results.

Table 4. 13:
One-Sample Kolmogorov-Smirnov Test Results

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Y	.084	73	.200*	.982	73	.373
X_1	.111	73	.026	.960	73	.022
X_2	.080	73	.200*	.978	73	.227
X_3	.087	73	.200*	.975	73	.151
X_4	.076	73	.200*	.965	73	.040

*. This is a lower bound of the true significance.

a. Lilliefors Significance Correction

Source: Research Data, 2025

The assumption of normality was tested using both the Kolmogorov-Smirnov (K-S) and Shapiro-Wilk (S-W) tests, which are widely applied in regression diagnostics to assess whether data significantly deviate from a normal distribution. The Kolmogorov-Smirnov test is particularly suitable for medium-sized samples, while the Shapiro-Wilk test is considered more powerful for small to moderate sample sizes.

The results, as presented in Table 4.13, show that for the Kolmogorov-Smirnov test, most variables recorded p-values greater than the conventional significance threshold of 0.05. Specifically, Organizational Performance (Y) = 0.200, Resource Allocation (X2) = 0.200, Leadership Style (X3) = 0.200, and Attention to Technological Requirements (X4) = 0.200 all exceeded the 0.05 level, suggesting no significant deviation from normality. However, Resource Allocation (X1) recorded a p-value of 0.026, which is slightly below the threshold, indicating a mild departure from normality according to this test.

Similarly, the Shapiro-Wilk test results show that Organizational Performance (Y) = 0.373, Resource Allocation (X2) = 0.227, and Leadership Style (X3) = 0.151 all exceeded 0.05, indicating normality. However, Resource Allocation (X1) = 0.022 and Attention to

Technological Requirements (X4) = 0.040 recorded p-values slightly below 0.05, suggesting minor deviations from normality.

Despite these small departures in two variables, the overall pattern from both tests indicates that the dataset is approximately normally distributed. Minor deviations are not uncommon in social science research and, given the robustness of regression to slight violations of normality—particularly with sample sizes above 30—the data were deemed suitable for multiple linear regression analysis. This confirms that the normality assumption required for parametric statistical procedures was sufficiently met for this study.

4.6.2 Test for Homoscedasticity

To assess the assumption of homoscedasticity i.e., the constancy of error variance across all levels of the independent variables, a scatter diagram of standardized residuals against standardized predicted values was employed, following recommendations by Field (2013) and Gujarati and Porter (2009). The scatter plot was visually examined for any discernible patterns that would suggest heteroscedasticity.

The resulting diagram showed that the residuals were randomly and evenly dispersed around the horizontal axis (zero line), with no apparent systematic structure, clustering, or funnel shape. This random scatter indicates that the variance of the residuals remains approximately constant across all levels of the predicted values. Such a pattern supports the presence of homoscedasticity, as described by Wooldridge (2016), and suggests that the assumption of equal variance holds true for the model under consideration.

The absence of a curved or fan-like distribution further confirms that the model does not suffer from significant heteroscedasticity, which could otherwise bias standard errors and lead to unreliable hypothesis testing (Osborne & Waters, 2002). Therefore, it can be reasonably concluded that the assumption of homoscedasticity is met, lending credibility to the accuracy of the regression estimates and associated statistical inferences.

Heteroscedasticity Test

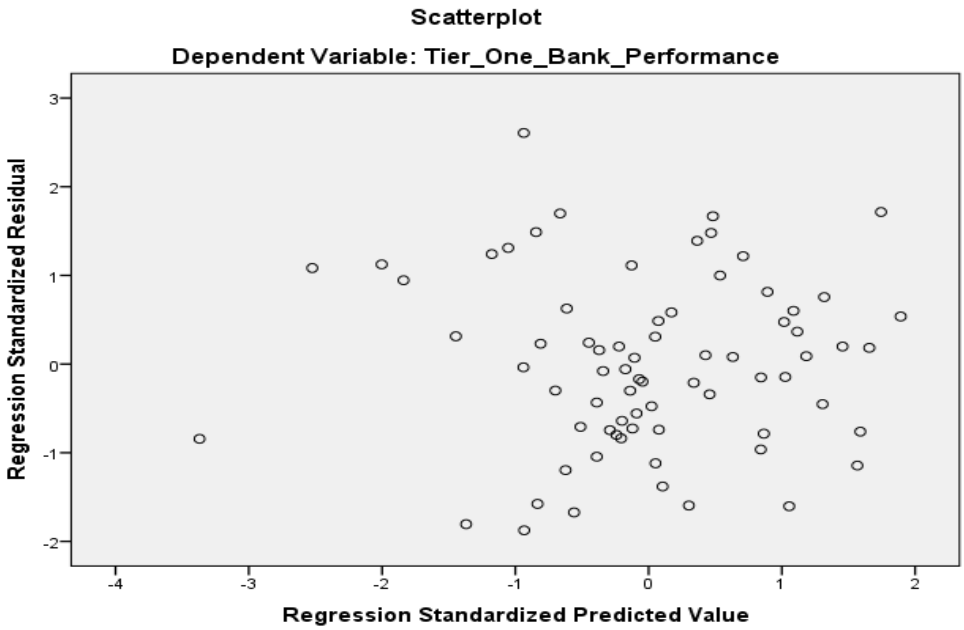
One of the key assumptions in multiple linear regressions is homoscedasticity, which states that the variance of the residuals remains constant across all levels of the independent variables. In other words, the residual values should not systematically increase or decrease with changes in the independent variables. Violation of this assumption, known as heteroscedasticity, can lead to inefficient estimates and biased statistical inferences.

In this study, homoscedasticity was assessed using a scatterplot generated in SPSS during the multiple linear regression analysis. The scatterplot was constructed by plotting the standardized predicted values on the X-axis against the standardized regression residuals on the Y-axis. A random and evenly dispersed pattern of points around the horizontal axis is indicative of homoscedasticity, whereas a funnel-shaped or patterned distribution would suggest heteroscedasticity.

The results, as shown in Figure 4.1, display a fairly uniform spread of residuals across the range of predicted values, suggesting that the assumption of homoscedasticity was not violated.

Figure 4. 1:

Scatterplot Test for Homoscedasticity



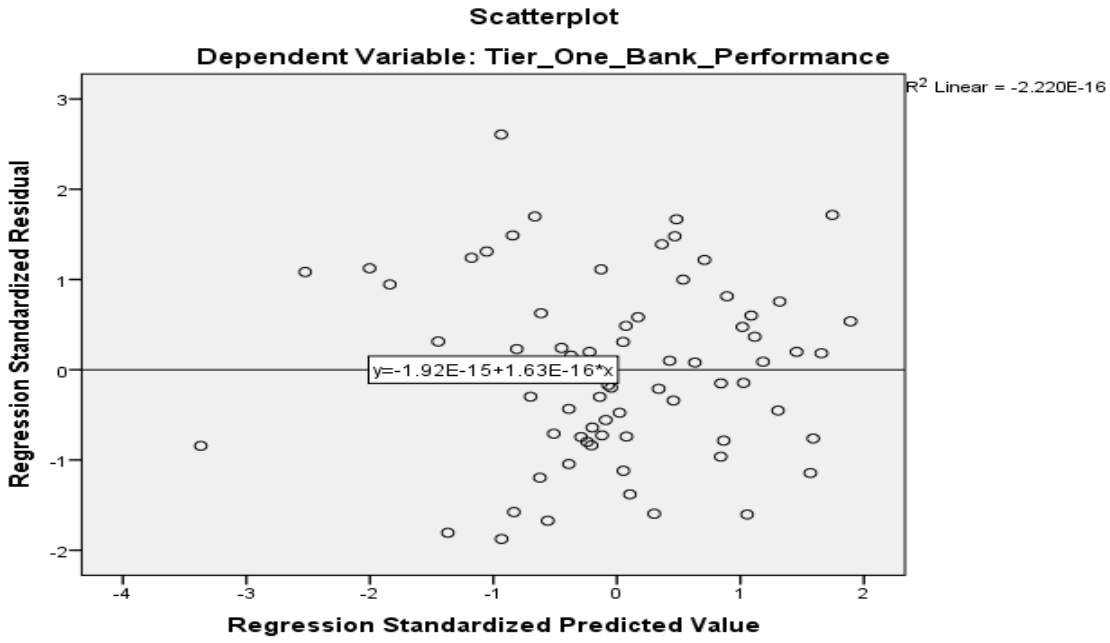
Heteroscedasticity Test

To determine whether the study data violated the assumption of homoscedasticity, a scatterplot of the standardized predicted values against the standardized residuals was examined for any visible pattern. In this study, the scatterplot illustrating the relationship between strategy implementation and the performance of Tier One commercial banks in Nairobi County showed no discernible pattern. This indicated that the variance of the residuals remained relatively constant across the range of predicted values, providing evidence of homoscedasticity within the dataset.

To further validate this finding, a fitted linear trend line was added to the scatterplot, as shown in Figure 4.2. The results revealed that the residuals were randomly dispersed along the trend line with minimal deviation, confirming that the data met the homoscedasticity assumption required for multiple linear regression analysis.

Figure 4. 2:

Test of Homoscedasticity – Scatterplot with Fitted Linear Line



The observations made after inserting the linear line in the scatterplot revealed that there was no prevailing pattern, and the values scattered along the linear line without deviating significantly from it. This indicated that the data exhibited homoscedasticity.

4.6.3 Multicollinearity Test

In this study, multicollinearity among the independent variables was assessed using the Variance Inflation Factor (VIF) and Tolerance statistics. Multicollinearity occurred when predictors were highly correlated, which distorted regression results by making coefficient estimates unreliable (Smith & Davis, 2023).

The hypotheses tested were as follows:

H_0: There is no significant multicollinearity among the predictors.

H_1: There is significant multicollinearity among the predictors.

The VIF and Tolerance statistics were used to evaluate the degree of correlation between the predictors. VIF values greater than 10 or Tolerance values less than 0.1 indicate problematic multicollinearity, requiring further investigation or potential removal of variables.

Table 4. 14:

Collinearity Statistics

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
Resource Allocation (X_1)	.656	1.524
Leadership Styles (X_2)	.727	1.375
Organizational Structure (X_3)	.900	1.111
Attention to Technological Requirements (X_4)	.749	1.335

Source: Research Findings 2025

As shown in Table 4.14, all VIF values were well below the critical threshold of 10, and all Tolerance values exceeded the minimum threshold of 0.1. These results indicate that multicollinearity was not present, as the independent variables did not exhibit high correlations with each other. Therefore, the regression model's results can be considered reliable, and the interpretation of the coefficients remains valid.

4.6.4 Auto-correlation Test: Durbin-Watson Test

To assess the presence of autocorrelation in the residuals of the regression model, the Durbin-Watson statistic was employed. Autocorrelation refers to the correlation between the residuals of one observation and those of another, which can result in biased and inefficient estimates. The Durbin-Watson statistic ranges from 0 to 4, with a value of 2 indicating no autocorrelation. Values below 2 suggest positive autocorrelation, while values above 2 indicate negative autocorrelation.

Table 4. 15 :

Durbin-Watson Statistic

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.747[a]	.558	.532	.44660	1.696

a. Predictors: (Constant), Resource Allocation, Leadership Style, Organizational Structure, and Attention to Technological Requirements
b. Dependent Variable: Organizational performance

The Durbin–Watson statistic for the regression model was 1.696 (Table 4.14), indicating no significant evidence of autocorrelation in the residuals. Since a value close to 2 suggests independence among residuals, this result confirms that the assumption of residual independence was met, thereby reinforcing the reliability of the model estimates. The model showed a strong relationship between the independent variables—Resource Allocation, Leadership Style, Organizational Structure, and Attention to Technological Requirements—and the dependent variable (Y), with an R value of 0.747, an R Square of 0.558, and an Adjusted R Square of 0.532, alongside a standard error of the estimate of 0.44660.

4.7 Bivariate Correlation Analysis

In this study, Pearson correlation analysis was performed to examine the relationships between the independent variables: resource allocation, leadership style, organizational structure, and attention to technological requirements and the dependent variable, performance. According to Williams and Brown (2012), the strength of correlations was categorized as follows: a value of 0 indicates no correlation; values ranging from 0.1 to 0.39 represent a weak correlation; values between 0.4 and 0.69 suggest a moderate correlation; values from 0.7 to 0.89 signify a strong correlation; values between 0.9 and 0.98 indicate a very strong correlation; and values ranging from 0.99 to 1.0 reflect a perfect correlation. The results of the correlation analysis (r) are summarized in Table 4.16.

Table 4. 16:

Bivariate Correlation Matrix: All Variables

		Y	X_1	X_2	X_3	X_4
Y	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	73				
Resource Allocation (X1)	Pearson Correlation	.630**	1			
	Sig. (2-tailed)	.000				
	N	73	73			
Leadership Styles (X_2)	Pearson Correlation	.357**	.438**	1		
	Sig. (2-tailed)	.002	.000			
	N	73	73	73		
Structure (X_3)	Pearson Correlation	-.187	-.175	.152	1	
	Sig. (2-tailed)	.113	.138	.199		
	N	73	73	73	73	
Technology(X_4)	Pearson Correlation	.644**	.472**	.347**	-.104	1
	Sig. (2-tailed)	.000	.000	.003	.382	
	N	73	73	73	73	73

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

The findings presented in the correlation matrix revealed several significant relationships between the independent variables—resource allocation, leadership style, organizational structure, and attention to technological requirements—and the dependent variable, performance.

Leadership style demonstrated a strong positive correlation with performance, with a correlation coefficient of 0.630 and a significance level of p = 0.000. This indicates that effective leadership practices, including the use of transformational and participative styles, significantly contribute to improved performance outcomes in commercial banks. Strong leadership enhances employee engagement, strategic alignment, and overall efficiency.

Attention to technological requirements also showed a strong and statistically significant positive correlation with performance, with a correlation coefficient of 0.644 ($p = 0.000$). This suggests that prioritizing technology—through system interoperability, high adoption rates, and adequate user support—positively influences performance. Embracing digital tools and infrastructure enhances service delivery, efficiency, and customer satisfaction.

Resource allocation exhibited a moderate but significant positive correlation with performance ($r = 0.357$, $p = 0.002$). This suggests that the effective distribution of financial, human, and physical resources contributes to enhanced bank performance, although the relationship is not as strong as that of leadership or technology focus. Efficient resource allocation supports smooth operations and goal achievement.

Organizational structure, on the other hand, showed a weak and statistically insignificant negative correlation with performance ($r = –0.187$, $p = 0.113$). This implies that in this context, structural aspects like hierarchy, formalization, and span of control may not play a direct or significant role in determining performance. It may also suggest that overly rigid or misaligned structures could hinder strategic flexibility.

In conclusion, among the four variables, leadership style and attention to technological requirements emerged as the most influential in driving performance, followed by resource allocation. Organizational structure did not demonstrate a significant impact. These results emphasize the critical role of dynamic leadership and technological readiness in strategy implementation within Kenya's commercial banking sector. Banks aiming to improve performance should prioritize these areas to ensure their strategies are both well-supported and effectively executed.

4.8 Bivariate Regression Analysis

4.8.1 Test of Hypothesis One: Resource Allocation on Organizational Performance

The first hypothesis stated in the null form was as follows:

H_{01}: Resource allocation does not significantly influence performance of Tier One commercial banks in Nairobi County, Kenya.

To test this hypothesis, a simple regression model was employed, with Resource Allocation as the independent variable and performance as the dependent variable. The goal was to determine whether Resource Allocation has a statistically significant influence on performance in Kenyan Commercial Banks The hypothesis was tested by regressing Resource Allocation and performance, following the equation $Y= \beta_{0 +} \beta_1 X_1 + \varepsilon$ where: X_1 represents Resource Allocation and Y represents performance.

Bivariate Linear Regression Model Summary

The value of R is 0.630, indicating a moderate positive correlation between Resource Allocation and performance. The R^2 value is 0.396, which means that approximately 39.6% of the variance in performance can be explained by Resource Allocation. The Adjusted R^2 of 0.388 accounts for what the constant (B_0) account without the other four predictor variables.

Table 4. 17 :
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.630[a]	.396	.388	.51076

The analysis of variance (ANOVA) results indicates a statistically significant relationship between Resource Allocation and performance. The F-value is 46.609 with a p-value of 0.000, which is well below the 0.05 significance threshold. This confirms that the regression model is statistically significant, suggesting that Resource Allocation has a meaningful and significant influence on performance.

Table 4. 18 :

Model Validity

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12.159	1	12.159	46.609	.000[b]
	Residual	18.522	71	.261		
	Total	**30.682**	**72**			

[a]Dependent Variable: Organizational Performance
[b]Predictors: (Constant), Resource Allocation

Table 4. 19 :
Regression Weights

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.558	.274		5.689	.000
	X_1	.538	.079	.630	6.827	.000

a. Dependent Variable: Performance

From these results, the following regression equation was derived: $Y = 1.558 + 0.538\ X_1$ where: Y = Organizational performance, and X_1 = Resource Allocation.

The findings from Table 4.17 reveal that, when Resource Allocation is held constant, the performance of Commercial Banks in Kenya is 1.558. Each unit increase in Resource Allocation corresponds to a 0.538-unit increase in performance, with a statistically significant p-value of 0.000. This leads to the rejection of the null hypothesis (H_{01}) and supports the alternative hypothesis (H_1) indicating that Resource Allocation has a significant influence on performance in Kenyan Commercial Banks

4.8.2 Test of Hypothesis Two: Leadership Styles on Organizational Performance

The second hypothesis stated in the null form was as follows:

H_{02}: Changes in Leadership Styles does not significantly influence performance of Tier One commercial banks in Nairobi County, Kenya.

To test this hypothesis, a simple regression model was employed, with Leadership Styles as the independent variable and performance as the dependent variable. The goal was to determine whether Leadership Styles has a significant influence on performance in Kenyan Commercial Banks. The hypothesis was tested by regressing Leadership Styles and performance, following the equation: $Y = \beta_0 + \beta_2 X_2 + \epsilon$. where: X_2 represents Leadership Styles (independent variable) and Y represents performance (dependent variable).

Bivariate Linear Regression: Model Summary

The regression analysis results show that the value of R is 0.357, indicating a weak positive correlation between Leadership Styles and Performance. The R^2 value is 0.128, meaning that approximately 12.8% of the variation in performance can be explained by Leadership

Styles. The Adjusted R^2 of 0.115, which accounts for the number of predictors in the model, supports the limited explanatory power of Leadership Styles in predicting performance.

Table 4. 20:
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.357[a]	.128	.115	.61397

The analysis of variance (ANOVA) results provides evidence of a statistically significant relationship between Leadership Styles and performance. The calculated F-value is 10.392, and the p-value is 0.000, which is less than the 0.05 significance level. This indicates that the regression model is statistically significant, meaning that Leadership Styles significantly influences performance.

Table 4. 21: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.917	1	3.917	10.392	.002[b]
	Residual	26.764	71	.377		
	Total	**30.682**	**72**			

a. Dependent Variable: performance
b. Predictors: (Constant), Leadership Styles

Table 4. 22:

Coefficients

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	1.967	.445		4.419	.000
	Resource Allocation	.418	.130	.357	3.224	.002

a. Dependent Variable: Organizational Performance

The coefficients table shows the unstandardized and standardized coefficients for Leadership Styles. The derived regression equation is: $Y = 1.967 + 0.418\ X_1$ where: Y represents performance; X_1 represents Leadership Styles.

From these results, it is evident that when Leadership Styles is held constant, the performance of Commercial Banks in Kenya is 1.967. Each unit increase in Leadership Styles corresponds to a 0.418-unit increase in performance, with a statistically significant p-value of 0.000. This leads to the rejection of the null hypothesis (H_{02}) and supports the alternative hypothesis (H_2) stating that changes in Leadership Styles significantly influences performance of Tier One commercial banks in Nairobi County, Kenya.

4.8.3 Test of Hypothesis Three: Organizational Structure and Organizational Performance

The third hypothesis stated in the null form was as follows:

H_{03}: Organizational structural adjustments do not significantly influence performance of Tier One commercial banks in Nairobi County, Kenya.

To test this hypothesis, a simple regression model was employed, with Organizational Structure as the independent variable and performance as the dependent variable. The goal was to determine whether Organizational Structure has a statistically significant influence on performance in Kenyan Commercial Banks

The hypothesis was tested by regressing Organizational Structure and performance, following the equation: $Y = \beta_0 + \beta_3 X_3 + \varepsilon$ where: X_1 represents Organizational Structure; Y represents performance .

The regression analysis results show that the value of R is 0.187, indicating a very weak positive correlation between Organizational Structure and performance. The R^2 value is 0.035, meaning that only 3.5% of the variation in performance can be explained by organizational structure.

Table 4. 23:

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.187[a]	.035	.021	.64579

Table 4. 24:

Model Validity

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.071	1	1.071	2.569	.113[b]
	Residual	29.610	71	.417		
	Total	30.682	72			

a. Dependent Variable: performance

b. Predictors: (Constant), Organizational Structure

Table 4. 25:

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	**Std. Error**	**Beta**	**t**	**Sig.**
1	(Constant)	4.010	.398		10.072	.000
	Organizational Structure	-.214	.134	-.187	-1.603	.113

a. Dependent Variable: performance

The ANOVA (Model Validity) results indicate that at $F_{(1,71)} = 2.569$, P=0.0113 where the P-Value of the model is greater than 0.05 (P>0.05) indicate that the predictor variable is not a good predictor of performance and the model is not good for further analysis. Therefore, the study failed to reject the null hypothesis (H_{03}) and concluded that organizational structural adjustments in the banking sector does not significantly influence the bank's performance.

4.8.4 Test of Hypothesis Four: Attention to technological requirements and Organizational Performance

The fourth null hypothesis stated that:

H_{04}: Attention to technological requirements does not significantly influence performance of Tier One commercial banks in Nairobi County, Kenya.

To test this hypothesis, a simple regression model was employed, with Attention to technological requirements as the independent variable and performance as the dependent variable. The goal was to determine whether Attention to technological requirements has a statistically significant influence on performance in Kenyan Commercial Banks. The

hypothesis was tested by regressing Attention to technological requirements and performance, following the equation: $Y = \beta_0 + \beta_4 X_4 + \varepsilon$ where: TI represents Attention to technological requirements; Y represents performance

Bivariate Linear Regression: Model Summary

The regression analysis results show that the value of R is 0.644, indicating a moderately strong positive correlation between Attention to Technological Requirements and performance. The R^2 value is 0.415, meaning that approximately 41.5% of the variation in performance can be explained by Attention to Technological Requirements. The Adjusted R^2 is 0.407, which accounts for the number of predictors in the model and reinforces the moderate to strong explanatory power of this variable. The standard error of the estimate is 0.50267. These results suggest that Attention to Technological Requirements plays a meaningful role in influencing performance.

Table 4. 26:

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.644[a]	.415	.407	.50267

The analysis of variance (ANOVA) results indicates a statistically significant relationship between Attention to Technological Requirements and performance. The calculated F-value is 50.428, and the associated p-value is 0.000, which is well below the 0.05 significance threshold. This confirms that the regression model is statistically significant, meaning that Attention to Technological Requirements has a significant influence on performance. These results support the conclusion that improvements or changes in technological responsiveness are meaningfully associated with variations in performance.

Table 4. 27:

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12.742	1	12.742	50.428	.000[b]
	Residual	17.940	71	.253		
	Total	**30.682**	**72**			

a. Dependent Variable: performance

b. Predictors: (Constant), Attention to Technological Requirements

Table 4. 28: Coefficients

		Unstandardized Coefficients		Standardized Coefficients		
Model		**B**	**Std. Error**	**Beta**	**t**	**Sig.**
1	(Constant)	.976	.344		2.837	.006
	X_4	.696	.098	.644	7.101	.000

a. Dependent Variable: Organizational performance

The coefficients table presents both the unstandardized and standardized regression coefficients for Attention to Technological Requirements. The unstandardized coefficient (B) is 0.696, with a standard error of 0.098. The standardized Beta coefficient is 0.644, and the t-value is 7.101 with a p-value of 0.000, indicating a statistically significant effect at the 0.05 level. The derived regression equation is: $Y = 0.976 + 0.696\ X_4$ Where: Y represents performance & X_4 represents Attention to technological requirements. Therefore, since the P-Value in Table 4.28 is less than 0.05, this study rejected the null hypothesis (H_{04}) which stated that "*Attention to technological requirements does not significantly influence performance of Tier One commercial banks in Nairobi County,*

Kenya" in favor of alternative hypothesis ($H_{4)}$ and concluded that attention to technological requirements has a significant influence on organization performance.

and supports the alternative hypothesis (H_4), affirming that there is a statistically significant and positive relationship between Attention to Technological Requirements and performance among Commercial Banks in Kenya.

4.8.5 Multiple Linear Regression Model

To obtain more information about the relationship between the independent variables and the dependent variable, a multiple linear regression was carried out.

Hypothesis for the multiple linear regression models:

H0: ß1= ß2= ß3= ß4=0

H1: at least one of ß1, ß2, ß3, ß4 is not equal to 0.

Regression analysis was used to examine the effect of Resource Allocation, Leadership Style, Organizational Structure and Attention to technological requirements on the performance of Commercial Banks in Kenya.

Table 4. 29:
Summary of all the four independent variables and performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.747[a]	.558	.532	.44660

Source: Research data 2025

The results from Table 4.29 indicate that the coefficient of determination (R^2) for the combined effect of Resource Allocation, Leadership Style, Organizational Structure, and Attention to Technological Requirements on the performance of Commercial Banks in

Kenya is 0.558. This suggests that approximately 55.8% of the variation in performance can be explained by the four predictors included in the model.

The Adjusted R^2 value of 0.532 further refines this estimate by accounting for the number of predictors, indicating that the model explains 53.2% of the variation in performance. This leaves approximately 46.8% of the variation attributable to other factors not captured in the current model. The R value of 0.747 reflects a strong positive correlation between the predictors and performance. The standard error of the estimate is 0.44660.

Overall, the relatively high R^2 value indicates a good fit of the model to the data. This demonstrates that the selected strategic determinants—Resource Allocation (RA), Leadership Style (LS), Organizational Structure (OS), and Attention to Technological Requirements (ATB)—collectively have a substantial and positive influence on the performance of Commercial Banks in the selected counties in Kenya. However, it is important to recognize that other unmeasured variables may also contribute to the remaining variation in performance.

ANOVA (Analysis of Variance) was employed in this study to assess the significance of the regression model. The statistical significance was considered substantial if the p-value was less than or equal to 0.05.

Table 4. 30:

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	17.119	4	4.280	21.458	.000[b]
	Residual	13.562	68	.199		
	Total	**30.682**	**72**			

Source: Research data 2025

The analysis of variance (ANOVA) results in Table 4.30 shows that the regression model examining the combined effects of Resource Allocation, Leadership Style, Organizational Structure, and Attention to Technological Requirements on performance is statistically significant. The F-value is 21.458, and the associated p-value is 0.000, which is well below the 0.05 significance threshold. This result indicates that the overall model is a good fit and that at least one of the independent variables significantly predicts performance. It provides strong statistical evidence that the combined effect of these four strategic factors meaningfully influences the performance of Commercial Banks in Kenya.

Table 4. 31:

Multiple Linear Regression_ Regression Weights

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.708	.473		1.498	.139
	X_1	.332	.085	.389	3.905	.000
	X_2	.056	.111	.048	.510	.611
	X_3	-.093	.097	-.081	-.951	.345
	X_4	.471	.101	.436	4.680	.000

a. Dependent Variable: performance

Source: Research data 2025

The coefficients table presents the unstandardized and standardized regression coefficients for the combined model analyzing the influence of Leadership Style (X_1), Resource Allocation (X_2), Organizational Structure (X_3), and Attention to Technological Requirements (X_4) on the performance of Commercial Banks in Kenya (Y).

The regression equation derived from the unstandardized coefficients is:

$Y = 0.332\ X_1 + 0.471\ X_4$

Where: **Y** = Organizational performance; X_1 = Leadership Style, and X_4 = Attention to Technological Requirements

The regression analysis provides valuable insights into how Resource Allocation, Leadership Style, Organizational Structure, and Attention to Technological Requirements influence performance. The intercept value of 0.708 suggests that, in the absence of these predictors, the baseline level of performance would be 0.708. However, this constant is not statistically significant ($p = 0.139$), indicating that the model's starting point does not hold strong predictive value when all other variables are set to zero.

Leadership Style ($B = 0.332$, Beta = 0.389, $p = 0.000$) emerges as a significant and positive predictor of performance, suggesting a moderately strong and statistically robust relationship. Improvements in leadership practices are therefore likely to yield notable gains in performance. Resource Allocation ($B = 0.056$, Beta = 0.048, $p = 0.611$) shows a positive but statistically insignificant relationship with performance, indicating that on its own, this factor may not substantially impact outcomes when the other variables are considered in the model. Organizational Structure ($B = –0.093$, Beta = –0.081, $p = 0.345$) demonstrates a negative but statistically insignificant influence, implying that certain

structural arrangements could hinder performance; however, the lack of statistical significance means this effect is not conclusive. Attention to Technological Requirements (B = 0.471, Beta = 0.436, p = 0.000) displays the strongest positive and statistically significant impact on performance, underscoring the critical role of technological readiness and innovation in achieving superior results.

In summary, Leadership Style and Attention to Technological Requirements stand out as the key drivers of performance, with the latter showing the greatest effect. These findings highlight the importance for organizations to prioritize strong leadership and embrace technology as central strategies for sustained success.

Table 4. 32:

Hypotheses Summary

Null Hypotheses	**Decision Criteria**	**Conclusion**
H_{01}: Resource Allocation has no significant effect on performance of Commercial Banks	Reject the null hypothesis if $p <$ 0.05	**Reject** the null hypothesis since $p =$ 0.000 (significant)
H_{02}: Leadership Style has no significant effect on performance of Commercial Banks	Reject the null hypothesis if $p <$ 0.05	**Reject** the null hypothesis since $p =$ 0.002 (significant)
H_{03}: Organizational Structure has no significant effect on performance of Commercial Banks	Reject the null hypothesis if $p <$ 0.05	**Fail to reject** the null hypothesis since $p = .113$ (not significant)

H_{04}: Attention to Technological Requirements has no significant effect on performance of Commercial Banks	Reject the null hypothesis if $p <$ 0.05	**Reject** the null hypothesis since $p =$ 0.000 (significant)

4.9 Discussion

The present study investigated the influence of leadership style, resource allocation, organizational structure, and attention to technological requirements on performance in commercial banks. The findings contribute to a nuanced understanding of how these internal organizational factors drive performance in the financial sector. The following discussion contextualizes each finding in relation to prior research, highlighting agreements, contradictions, and possible contextual explanations.

Leadership style emerged as a significant and moderately strong predictor of performance, with a standardized Beta of 0.389 and a p-value of 0.000. This underscores the critical influence of effective leadership in steering commercial banks toward improved performance outcomes. This result is in strong agreement with numerous prior studies. For instance, Avolio and Bass (2004) demonstrated that transformational leadership is significantly associated with increased employee motivation and organizational outcomes. Similarly, Northouse (2016) emphasized that leaders who adopt participative and visionary approaches tend to enhance commitment and productivity. Odumeru and Ogbonna (2013) found a positive relationship between leadership style and performance in Nigerian banks, underscoring the universal relevance of leadership across different African contexts. Further, Mugambi and Imaita (2022) reported that visionary leadership was directly linked to financial performance in high-tech firms, a finding that aligns with the performance

pressures of the banking sector. Rowe (2001) distinguished strategic leadership as a unique form that combines managerial and visionary skills, which may explain why leadership remains influential even in highly regulated environments like banking. Judge and Piccolo (2004) conducted a meta-analysis revealing that transformational and transactional leadership styles consistently relate positively to performance across diverse sectors. In the context of Kenya and broader Sub-Saharan Africa, Ogbonna and Harris (2000) also observed that leadership style is a primary driver of organizational change and market competitiveness. Given the strategic demands of the Kenyan banking sector — including the adoption of digital services, customer-centered innovation, and risk management — leadership style likely acts as a coordinating mechanism that aligns various operational elements to strategic goals. In sum, the study affirms the strong theoretical and empirical consensus that leadership is not merely a symbolic role but a tangible contributor to performance outcomes, particularly when adaptive and transformational styles are practiced.

Resource Allocation exhibited a positive and statistically significant relationship with performance (Beta = 0.182; $p = 0.007$), suggesting that the way resources are distributed and managed meaningfully contributes to performance outcomes in Kenya's commercial banking sector. This finding aligns with foundational assumptions of the Resource-Based View (RBV), which holds that a firm's internal resources—when valuable, rare, inimitable, and non-substitutable—serve as critical sources of sustained competitive advantage M'mata and Weda (2022) similarly emphasized that firm growth and performance are intrinsically linked to how internal resources are coordinated and deployed.

The empirical significance of resource allocation in this context reflects the importance of not merely possessing resources, but allocating them effectively to support core strategic functions. Gibbert and Leibold (2002) argue that resources must be integrated into coherent strategies to create value. Peteraf (1993) and Makadok (2001) further highlight that performance gains are contingent on how well firms combine resource-picking with capability-building. Crook et al. (2008) reinforce this by showing that the link between resources and performance is often moderated by managerial skill and alignment with firm strategy.

Thus, the findings in this study suggest that resource allocation, when executed strategically, contributes significantly to performance. In the commercial banking sector—characterized by resource intensity and operational complexity—this underscores the need for deliberate, efficient, and strategically guided allocation mechanisms to enhance performance outcomes.

Organizational structure was found to have a negative but statistically insignificant effect on performance (Beta = –0.081; p = 0.345). This indicates that within the commercial banking context, structural variations may not independently drive performance outcomes. This finding somewhat diverges from traditional management theories. Burns and Stalker (1961) argued that mechanistic structures are suited to stable environments while organic structures are better in dynamic conditions, implying that misalignment can harm performance. Mintzberg (1979) also emphasized the need for structural congruence with organizational strategy to enable effective functioning. However, several studies provide support for the current finding. Donaldson (2001) found that structural changes alone rarely

enhance performance unless coupled with supportive leadership and cultural shifts. Galbraith (1973) argued that structure needs to be part of a broader information-processing design to impact performance. Mwiti and Paul (2023) suggested that in bureaucratic and highly regulated sectors like banking, structure is often standardized, limiting its performance variability. Lee and Choi (2003) showed that knowledge-sharing mechanisms and cultural factors matter more than formal structure in knowledge-intensive organizations. Jansen et al. (2006) emphasized that structural differentiation must be balanced with integration capabilities to enable ambidexterity and performance. Chenhall and Morris (1995) also found that the impact of structure depends on environmental uncertainty and the role of performance measurement systems. Thus, the insignificance of organizational structure in this study may be due to the sector's inherent structural homogeneity (e.g., hierarchies mandated by regulation), or the dominance of other dynamic factors such as leadership and technology that overshadow structural influences. This suggests that in modern commercial banks, structural design may be a secondary consideration compared to strategic agility and leadership quality.

Attention to technological requirements was the most significant predictor of performance, with a standardized Beta of 0.436 and a p-value of 0.000. This highlights the increasingly critical role of technology in shaping operational efficiency, customer experience, and competitive advantage in the banking sector. This finding is highly consistent with contemporary literature. Brynjolfsson and Hitt (2000) showed that IT investments are strongly correlated with productivity and firm performance. Aral and Weill (2007) found that firms with high IT capability outperformed their peers in terms of profitability and innovation. Kane et al. (2015) emphasized that digitally mature firms are more adaptable

and perform better in rapidly changing environments. Melville et al. (2004) proposed a conceptual framework where IT impacts firm performance through business processes and organizational capabilities. Tong and Yang (2025) found that alignment between IT strategy and business goals significantly enhances performance. Similarly, Al-Sabaawi and Alyouzbaky (2022) reported that IT infrastructure flexibility leads to improved performance by enabling faster response to market changes. In the African context Njenga and Odollo (2023) showed that digital banking has transformed service delivery and performance in Kenyan banks. Nduta, and Wanjira (2019) found that technological capability was a significant predictor of performance in Kenyan commercial banks, reinforcing the critical role of digital readiness in the region. Given the rise of mobile banking, fintech integration, and customer expectations for seamless digital services, this study's finding reflects a broader shift toward technology-driven value creation in the banking industry. It suggests that banks which prioritize and invest in technological readiness are better positioned to compete and perform.

Overall, the study supports the prevailing view that leadership and technological capability are key drivers of performance in modern banking environments. The limited or insignificant influence of resource allocation and organizational structure, however, highlights the need to contextualize performance determinants within dynamic, sector-specific realities. Future research should examine mediating variables such as organizational culture, digital maturity, or innovation capability, which may explain the nuanced relationships uncovered in this study.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter provides a comprehensive summary of the study's key findings, draws conclusions based on the data analysis, and offers practical recommendations derived from these conclusions. It also suggests areas for future research, reflecting on the limitations of the current study and the insights gained.

5.2 Summary

5.2.1 Influence of Resource Allocation on performance of Commercial Banks in Kenya

The study aimed to examine the influence of Resource Allocation on the performance of Commercial Banks in Kenya. The null hypothesis stated that Resource Allocation does not significantly affect bank performance. Indicators analyzed under resource allocation included budget allocation, human resource allocation, and asset utilization. Descriptive statistics such as means, standard deviations, frequencies, and percentages were used to summarize the data.

At the bivariate level, the analysis revealed a strong, positive, and statistically significant relationship between Resource Allocation and performance, with a standardized Beta coefficient of 0.697 and a p-value of 0.000. This finding indicates that, when considered independently, Resource Allocation plays a substantial role in enhancing performance among commercial banks in Kenya.

However, when entered into the multivariate regression model alongside Leadership Style, Organizational Structure, and Attention to Technological Requirements, its effect remained positive but became statistically insignificant (B = 0.056; Beta = 0.048; p = 0.611). This substantial drop in effect size and loss of statistical significance suggests that much of Resource Allocation's apparent influence at the bivariate level is shared with, or explained by, other strategic factors in the model.

In relative terms, Resource Allocation's contribution is clearly overshadowed by stronger predictors such as Leadership Style (B = 0.332; Beta = 0.389; p = 0.000) and Attention to Technological Requirements (B = 0.471; Beta = 0.436; p = 0.000), both of which exhibit more robust and significant effects on performance. As such, while Resource Allocation may be important in isolation, its unique role is less pronounced once other strategic dimensions are taken into account.

This finding underscores the importance of adopting a holistic approach to strategy implementation. Resource Allocation alone may not be sufficient to drive superior performance unless it is integrated with enabling conditions such as strong leadership and technological readiness. Ultimately, the results affirm that strategic synergies, rather than reliance on a single factor, are essential for achieving sustained performance gains in Kenya's commercial banking sector.

5.2.2 Influence of Leadership Style on the performance of Commercial Banks in Kenya

The study examined the influence of Leadership Style on the performance of Commercial Banks in Kenya. The null hypothesis posited that Leadership Style does not significantly influence performance. The analysis focused on key dimensions of leadership, including transformational, laissez-faire, and democratic (participative) leadership styles. Descriptive statistics such as means, standard deviations, frequencies, and percentages were used to summarize the responses.

At the bivariate level, the results revealed a strong, positive, and statistically significant relationship between Leadership Style and bank performance, with a beta coefficient of 0.760 and a p-value less than 0.05, indicating a meaningful influence when considered in isolation. When Leadership Style was incorporated into the multivariate regression model alongside Resource Allocation, Organizational Structure, and Attention to Technological Requirements, the effect remained positive and statistically significant, with a coefficient of 0.332 and a p-value of 0.000. The standardized Beta coefficient was 0.389, further demonstrating a moderately strong impact on performance.

These findings provide robust evidence that Leadership Style significantly contributes to the performance of Commercial Banks in Kenya, even in the presence of other strategic variables. Therefore, the null hypothesis is rejected. This confirms that effective leadership—particularly styles that foster participation, innovation, and accountability—plays a critical role in improving operational outcomes, staff motivation, and customer satisfaction, thereby driving overall bank performance.

5.2.3 Influence of Organizational Structure on Performance of Commercial Banks in Kenya

The study aimed to examine the influence of Organizational Structure on the performance of Commercial Banks in Kenya. The null hypothesis stated that Organizational Structure does not significantly influence performance. The analysis considered key structural elements such as levels of hierarchy, degree of formalization, and span of control. Descriptive statistics—including means, standard deviations, frequencies, and percentages—were used to summarize and present the data.

At the bivariate level, inferential analysis revealed a negative but statistically insignificant relationship between Organizational Structure and performance, with an unstandardized coefficient of –0.214, a standardized Beta of –0.187, and a p-value of 0.113. This suggests that, when examined in isolation, certain structural configurations in commercial banks may be associated with lower performance, although the lack of statistical significance means this relationship is not conclusive.

When Organizational Structure was included in the multivariate regression model alongside Resource Allocation, Leadership Style, and Attention to Technological Requirements, the negative relationship persisted but weakened, with an unstandardized coefficient of –0.093, a standardized Beta of –0.081, and a p-value of 0.345. This further confirms that Organizational Structure does not exert a statistically significant independent influence on performance once the effects of other strategic factors are taken into account.

The consistently negative coefficients across both models may point to the possibility that certain rigid hierarchies or poorly aligned structures could hinder adaptability, slow decision-making, or limit innovation—particularly in contexts where leadership effectiveness and technological responsiveness are more critical to success. However, given the lack of statistical significance, these interpretations remain speculative.

Based on these findings, the null hypothesis of no significant effect cannot be rejected. This underscores the importance of ensuring that structural design is flexible, strategically aligned, and supportive of other key drivers of performance rather than acting as a potential constraint.

5.2.4 Influence of Attention to technological requirements on Performance of Commercial Banks in Kenya.

The study aimed to investigate the influence of Attention to Technological Requirements on the performance of Commercial Banks in Kenya. The null hypothesis posited that Attention to Technological Requirements does not significantly affect bank performance. The analysis focused on key indicators including technology adoption rate, system interoperability, and institutional support for technology use. Descriptive statistics—such as means, standard deviations, frequencies, and percentages—were used to present and summarize the data prior to regression analysis.

At the bivariate level, Attention to Technological Requirements demonstrated a strong, positive, and statistically significant relationship with performance (Beta = 0.644, p = 0.000), indicating that greater focus on technological needs is associated with improved

performance when assessed independently. In the multivariate regression model—controlling for Leadership Style, Resource Allocation, and Organizational Structure—the relationship remained positive and statistically significant (B = 0.471, Beta = 0.436, p = 0.000).

These results confirm that even when considered alongside other strategic variables, Attention to Technological Requirements continues to exert a robust and independent influence on performance. Therefore, the null hypothesis was rejected. The consistent significance across both models underscores the critical role of technological responsiveness in enhancing the performance of Commercial Banks in Kenya, especially when integrated into broader strategic efforts. This finding highlights the importance of continued investment in technological infrastructure and innovation as a key driver of competitive advantage and operational effectiveness in the banking sector.

5.3 Conclusions

This study set out to bridge the knowledge gap surrounding the influence of multiple strategy implementation variables on the performance of Commercial Banks in Kenya. Unlike previous studies that explored these strategies in isolation, this research adopted a comprehensive approach, examining the combined and individual effects of Resource Allocation, Leadership Style, Organizational Structure, and Attention to Technological Requirements on performance outcomes. The findings provide critical insights for bank executives and policymakers on prioritizing strategic elements that most effectively enhance performance.

Resource Allocation emerged as an important factor in enhancing performance when considered on its own, demonstrating a clear positive influence. However, its contribution diminished notably when evaluated alongside other strategic factors, indicating that while effective allocation of financial, human, and physical resources supports operational efficiency, it may not independently drive performance without the support of complementary strategies such as strong leadership and technological readiness.

Leadership style emerged as the most influential and consistently significant factor affecting performance. It demonstrated the highest standardized coefficient among all variables and retained its significance in both isolated and combined analyses. This underscores the central role of effective leadership—particularly participative and transformational styles—in boosting employee engagement, service delivery, and ultimately, organizational success.

Organizational Structure showed a negative relationship with performance both in isolation and when considered together with other variables. This suggests that certain structural arrangements may limit adaptability, slow decision-making, or hinder innovation. While structure remains important for coordination and operational clarity, the findings highlight that it should be flexible and aligned with broader strategic enablers to avoid constraining performance.

In contrast to earlier assumptions, Attention to Technological Requirements maintained a strong and statistically significant positive effect on performance in both the bivariate and multivariate analyses. This consistency suggests that technological responsiveness is not merely a supportive factor but a key independent driver of performance in commercial

banks. Far from being overshadowed by other strategic elements, its sustained impact highlights the importance of integrating technological initiatives as a central pillar of strategic implementation. Therefore, investment in technology should be prioritized alongside leadership, resource allocation, and structural design to enhance organizational outcomes in the banking sector.

Among the four strategic factors assessed, leadership style and attention to technological requirements emerged as the strongest and most consistent drivers of performance in commercial banks in Kenya. Resource allocation, while showing a positive influence when considered alone, played a comparatively limited role once other strategic factors were taken into account. Organizational structure demonstrated a negative influence in both individual and combined analyses, suggesting potential misalignments or inefficiencies in structural design. These findings highlight the importance of an integrated strategic approach that fosters effective leadership, embraces technological advancement, ensures efficient resource use, and critically reviews structural frameworks to support adaptability, innovation, and sustained competitiveness in the banking sector.

5.4 Recommendations

Based on the study's findings and conclusions, the study offers recommendations for policy makers and bank management. These recommendations are intended to optimize the implementation of strategy implementation and enhance the performance of Commercial Banks in Kenya.

5.4.1 Managerial Recommendations

To improve the performance of Commercial Banks in Kenya, this study offers several targeted managerial recommendations based on the empirical findings regarding strategy implementation. The results highlight the need to prioritize leadership style and resource allocation, while maintaining a supportive focus on organizational structure and exercising strategic caution with technological investments.

Leadership style emerged as the most influential and statistically significant factor affecting bank performance. Therefore, bank managers should invest in developing transformational and participative (democratic) leadership styles that encourage innovation, align teams with institutional goals, and foster a results-oriented culture. Transformational leaders can drive cultural change, improve employee morale, and lead digital transformation initiatives. Meanwhile, participative leadership enhances collaboration, accountability, and agility in decision-making. Laissez-faire leadership, though less impactful, can be selectively applied to empower high-performing teams. Overall, cultivating a responsive and adaptable leadership culture is crucial for sustaining competitive advantage and high performance.

Resource allocation showed a positive influence on performance when considered in isolation, but its independent impact was limited once other strategic factors were accounted for. This suggests that while effective resource deployment is important, it should work in synergy with leadership, technology, and structural strategies. Bank managers should allocate financial, human, and physical resources strategically across core and support functions, ensuring alignment with overall performance goals. Emphasis

should be placed on budget efficiency, adequate staffing, and optimal asset utilization, while eliminating waste and using data-driven budgeting to maximize value creation. Integrating resource allocation with broader strategic initiatives will enhance service delivery, operational efficiency, and long-term profitability.

While organizational structure showed a negative and statistically insignificant influence in both the bivariate and multivariate analyses, the findings suggest that structural arrangements should be designed to enable rather than hinder performance. Banks should focus on creating streamlined hierarchies, maintaining appropriate spans of control, and achieving a balance between formalization and flexibility. An agile and responsive structure can help minimize bureaucratic delays, improve communication, and enable quicker adaptation to market and technological changes. Regular structural reviews are recommended to ensure alignment with evolving strategic priorities and to prevent inefficiencies that could limit competitiveness.

Contrary to initial expectations, attention to technological requirements did not have a statistically significant effect on performance in the multivariate analysis. While technology remains a vital enabler, it is not a standalone driver of performance unless integrated with effective leadership and sound strategic direction. Managers should avoid over-investing in technology without a clear ROI framework. Instead, focus should be placed on interoperability of systems, training support, and selective adoption of technologies that directly enhance customer experience and operational efficiency. Technology investments should be guided by strategy, not the other way around.

In conclusion, bank managers should prioritize leadership development and resource optimization, as these strategies have the most direct and measurable impact on performance. Organizational structure should serve as a flexible backbone to support these efforts, while technological attention should be guided by strategic alignment and not relied upon in isolation. This strategic approach will enable Commercial Banks in Kenya to enhance operational efficiency, improve service delivery, and strengthen their competitive position in a rapidly evolving financial landscape.

5.4.2 Policy Recommendations

Based on the findings of this study, several policy recommendations are proposed to enhance the performance of Commercial Banks in Kenya through effective strategy implementation.

Policymakers should prioritize the optimization of resource allocation, as it was found to have a statistically significant positive effect on performance. Regulatory frameworks should encourage banks to adopt efficient practices in Budget Allocation, Human Resource deployment, and Asset Utilization. This can be achieved by setting performance-based resource distribution benchmarks and creating incentives for efficient and impactful resource use. Policies should also promote transparency and accountability in how resources are allocated across departments, ensuring alignment with institutional goals and national development agendas.

With respect to leadership style, which emerged as the most influential factor in the study, policymakers are encouraged to support leadership development initiatives within the

banking sector. This includes providing incentives for banks to invest in capacity-building programs focused on Transformational and Democratic leadership approaches. These programs should aim to enhance strategic thinking, employee engagement, and ethical governance. Regulatory bodies could also collaborate with industry associations to establish national leadership standards, certifications, or accreditation frameworks to ensure consistency and quality in leadership development efforts.

For organizational structure, the findings showed a negative and statistically insignificant effect on performance, suggesting that certain structural arrangements may hinder rather than support operational effectiveness. Policymakers and bank leaders should therefore focus on promoting structural flexibility and agility, ensuring that organizational frameworks facilitate rather than obstruct decision-making, communication, and innovation. This can be achieved by adopting streamlined hierarchies, maintaining reasonable spans of control, and implementing standardized yet adaptable operational procedures. Regular structural audits should be encouraged to identify bottlenecks and misalignments, with clear action plans for improvement. Institutions that successfully implement structural innovations enhancing efficiency and responsiveness could be recognized through regulatory or industry incentives.

Regarding attention to technological requirements, the study found that while technology showed a weak positive effect in isolation, it had no statistically significant impact when combined with other strategies. Therefore, while technology remains a valuable enabler, policy interventions should be cautiously framed. Policymakers should promote targeted and strategically aligned technological adoption—focusing not just on the acquisition of

technology but also on effective integration and use. Rather than broad mandates for digital transformation, support should be offered for training programs that increase employee and customer proficiency with existing systems, improve user experience, and ensure secure and interoperable platforms. Regulatory support should focus more on governance, risk management, and compliance in technology use, rather than expecting technology alone to drive performance.

In summary, policy efforts should strongly support the development of effective Leadership Styles and strategic Resource Allocation, moderately reinforce improvements in Organizational Structure, and take a measured approach toward technological investments. Such a targeted policy mix will enable Commercial Banks in Kenya to drive performance, sustain innovation, and remain resilient in an increasingly dynamic and competitive environment.

5.5 Area of Further Research

While this study provides important insights into how Resource Allocation, Leadership Style, Organizational Structure, and Attention to Technological Requirements influence the performance of commercial banks in Kenya, several areas require further investigation. The findings showed that some variables, like Leadership Style and Resource Allocation, had strong positive effects both in isolation and when combined with other factors. However, variables like Attention to Technological Requirements, while significant at the bivariate level, became insignificant in the combined model. Future studies should investigate why certain strategies lose significance when analyzed together, which may be due to overlapping effects or limited implementation strength.

Further research could focus on understanding how each element within these strategies contributes to performance. For example, breaking down Resource Allocation into Budget Allocation, Human Resource Allocation, and Asset Utilization may reveal which area has the strongest impact. Likewise, identifying which Leadership Style, Transformational, Laissez-Faire, or Democratic is most effective would help banks focus their leadership development efforts.

Given the relatively weaker influence of Organizational Structure in the multivariate model, further research is warranted to examine how structural elements—such as hierarchy, formalization, and decentralization—interact with other strategic variables. Additionally, although Attention to Technological Requirements was significant, future studies should investigate potential barriers to its full effectiveness, including poor integration, insufficient staff training, or misalignment with broader organizational goals. Such inquiries could offer deeper insights into optimizing structural and technological strategies for enhanced performance in the banking sector.

Studying commercial banks in different regions or countries could also reveal how context—such as regulatory environments or technology readiness—influences the success of strategy implementation. Finally, using both qualitative and quantitative approaches would offer deeper insights into organizational behavior, leadership, and employee engagement, helping banks develop more targeted and effective strategies for improved performance.

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APPENDICES

Appendix I: Letter of Introduction

Rita Chaga Mwamsindo

P.O BOX 45240- 00100

NAIROBI

Email:

Mobile:

Dear Respondent,

REF: DATA COLLECTION

I am a student at the Kenya Methodist University pursuing a Master of Business Administration. I am currently conducting a research the **INFLUENCE OF STRATEGY IMPLEMENTATION ON THE ORGANIZATIONAL PERFORMANCE OF COMMERCIAL BANKS IN KENYA**. The intention of this letter therefore is to request you to spare a few minutes and respond to the attached questionnaire. As a representative of your company, your views are of importance in my study and I would appreciate you responding to this questionnaire. The information given will be utilized exclusively for scholarly purpose and will be handled confidentially.

Thank you for your support.

Yours faithfully,

RITA CHAGA MWAMSINDO

BUS-3- 4692-2/2023

Appendix II: Survey Questionnaire

Please read each question carefully and follow the instructions given. Kindly answer the questions by ticking in the box that best describes your answer or writing your answers in the spaces provided where applicable. The answers provided will be used for academic purpose only and will be treated confidentially.

SECTION A: GENERAL BANK CHARACTERISTICS

SECTION B: STRATEGY IMPLEMENTATION

PART A: RESOURCE ALLOCATION (RA)

1. Please indicate (√) your level of concurrence or disagreement with each of the following statements on a scale of 1 to 5 (1- for strongly disagree, 2 - for disagree, 3 - for neutral, 4 - for agree and 5 - for strongly agree)

	Statement	**1**	**2**	**3**	**4**	**5**
	Budget Allocation					
RA1	The budget allocated for key projects is sufficient to meet organizational objectives	1	2	3	4	5
RA2	Management ensures that financial resources are optimally distributed across departments.	1	2	3	4	5
RA3	There is regular monitoring to ensure that budget utilization aligns with the bank's strategic goals	1	2	3	4	5
	Human Resource Allocation					
RA4	The organization effectively allocates human resources to critical areas for maximum productivity.	1	2	3	4	5

	Statement	**1**	**2**	**3**	**4**	**5**
	Budget Allocation					
RA1	The budget allocated for key projects is sufficient to meet organizational objectives	1	2	3	4	5
RA2	Management ensures that financial resources are optimally distributed across departments.	1	2	3	4	5
RA5	We have the right number of staff to implement strategic initiatives efficiently.	1	2	3	4	5
RA6	Staff assignments are regularly reviewed and adjusted to meet evolving strategic demands.	1	2	3	4	5
	Asset Utilization					
RA7	Our physical and financial assets are fully utilized to support the organization's performance.	1	2	3	4	5
RA8	Management effectively allocates tangible assets to enhance operational efficiency.	1	2	3	4	5
RA9	Asset utilization strategies are in place to ensure assets contribute to long-term profitability	1	2	3	4	5

i. How does the allocation of financial resources in your bank affect its operational performance?

ii. In what ways does resource distribution influence the ability of your bank to meet its strategic goals?

iii. Can you describe any challenges your bank faces in optimizing resource allocation for improved performance?

PART B: LEADERSHIP STYLE (LS)

2. Please indicate (√) your level of concurrence or disagreement with each of the following statements on a scale of 1 to 5 (1- for strongly disagree, 2 - for

disagree, 3 - for neutral, 4 - for agree and 5 - for strongly agree).

		1	2	3	4	5
	Transformational Leadership					
LS1	Leadership consistently communicates the organizational vision to all employees.	1	2	3	4	5
LS2	Leadership in this bank values new ideas from employees.	1	2	3	4	5
LS3	Leadership in my organization is supportive of individual employee needs.	1	2	3	4	5
	Laissez-Faire Leadership					
LS4	My leader gives employees full responsibility for their tasks.	1	2	3	4	5
LS5	Employees are expected to complete tasks without regular guidance.	1	2	3	4	5
LS6	Support systems are in place to address employee concerns related to strategy implementation.	1	2	3	4	5
	Democratic (Participative) Leadership					
LS7	Management actively involves employees at all levels in the strategy implementation process.	1	2	3	4	5
LS8	There is a strong sense of ownership among staff regarding the bank's strategic goals.	1	2	3	4	5
LS9	Employees' feedback is regularly sought and incorporated into strategy implementation decisions.	1	2	3	4	5

i. How do the leadership style within your bank impact employee motivation and performance?

……

……

ii. In your experience, how does leadership influence the implementation of strategic initiatives at your bank?

……

……

iii. What leadership practices have you observed that contribute most to the bank's overall performance?

……

……

PART C: Organizational Structure [OS]

3. Please indicate (√) your level of concurrence or disagreement with each of the following statements on a scale of 1 to 5 (1- for strongly disagree, 2 - for disagree, 3 - for neutral, 4 - for agree and 5 - for strongly agree).

		1	**2**	**3**	**4**	**5**
	Hierarchy Levels					
OS1	The current organizational hierarchy effectively supports decision-making and implementation.	1	2	3	4	5
OS2	Hierarchical layers in the bank enable efficient communication and strategy execution.	1	2	3	4	5
OS3	The chain of command is clearly defined and helps streamline strategic initiatives.	1	2	3	4	5
	Formalization					

OS4	Policies and procedures are well-documented, aiding the implementation of our strategies.	1	2	3	4	5
OS5	Formal processes guide the strategic activities in the bank effectively.	1	2	3	4	5
OS6	The degree of formalization ensures that all strategic decisions follow a clear, structured path.	1	2	3	4	5
	Span of Control					
OS7	Managers have an appropriate span of control to oversee staff effectively.	1	2	3	4	5
OS8	The number of direct reports per manager ensures efficient supervision and strategy implementation.	1	2	3	4	5
OS9	The organization's span of control enhances quick decision-making and resource allocation.	1	2	3	4	5

i. How does the organizational structure of your bank affect decision-making and performance?

……

……

ii. In what ways does the organizational structure of your bank facilitate or hinder communication and coordination among departments?

……

……

iii. Can you provide examples where the organizational structure has directly impacted the performance outcomes of your bank?

……

……

PART D: Attention to technological requirements [TI]

4. Please indicate (√) your level of concurrence or disagreement with each of the following statements on a scale of 1 to 5 (1- for strongly disagree, 2 - for disagree, 3 - for neutral, 4 - for agree and 5 - for strongly agree)

		1	**2**	**3**	**4**	**5**
	Technology Adoption Rate					
TI1	The bank adopts new technologies at a pace that supports organizational growth	1	2	3	4	5
TI2	Technology adoption is a priority in our strategy implementation efforts.	1	2	3	4	5
TI3	Our technology adoption rate aligns with industry standards, helping improve performance.	1	2	3	4	5
	System Interoperability					
TI4	Our systems integrate seamlessly to support strategy implementation across departments.	1	2	3	4	5
TI5	There is high interoperability between different technology platforms within the bank.	1	2	3	4	5
TI6	System interoperability enhances our ability to execute strategic objectives efficiently.	1	2	3	4	5
	Support for Technology Use					
TI7	Employees receive comprehensive support in using new technologies to achieve their targets.	1	2	3	4	5
TI8	The organization provides adequate resources to ensure staff can utilize technology effectively.	1	2	3	4	5

TI9	Technology support systems are reliable and accessible to all employees when needed.	1	2	3	4	5

i. How has the integration of new technologies improved the efficiency of operations at your bank?

……

……

ii. What role does technological innovation play in enhancing customer satisfaction and service delivery at your bank?

……

……

iii. In your view, how has the adoption of digital banking systems influenced the overall performance and competitiveness of your bank?

……

……

SECTION C: ORGANIZATIONAL PERFORMANCE [OP]

5. Please indicate (√) your level of concurrence or disagreement with each of the following statements on a scale of 1 to 5 (1- for strongly disagree, 2 - for disagree, 3 - for neutral, 4 - for agree and 5 - for strongly agree) on the way strategy implementation in your bank promotes the following aspects of performance (financial performance, customer satisfaction, operational efficiency and technology adoption and efficiency).

	Statement	**1**	**2**	**3**	**4**	**5**
	Financial Performance					
OB1	The bank's effective utilization of alternative banking strategies positively impacts ROA by expanding revenue streams	1	2	3	4	5

OB2	ROE improvement through alternative strategies shows enhanced profitability from shareholder investments in Nairobi County	1	2	3	4	5
OB3	Net Interest Margin performance demonstrates the competitive advantage gained through effective use of alternative banking strategies.	1	2	3	4	5
	Customer Satisfaction					
OB4	High customer satisfaction scores from alternative banking strategies indicate improved service accessibility and convenience in Nairobi County.	1	2	3	4	5
OB5	Customer feedback on alternative strategies reflects positive experiences and satisfaction with service quality.	1	2	3	4	5
OB6	Enhancing customer satisfaction through alternative strategies strengthens customer loyalty and retention	1	2	3	4	5
	Operational Efficiency					
OB7	Effective management of operational risks associated with alternative strategies enhances operational efficiency	1	2	3	4	5
OB8	Alternative strategies optimize employee productivity by streamlining transaction processes and reducing workload	1	2	3	4	5
	Technology Adoption and Efficiency					
OB9	Continuous improvement in technology efficiency supports strategic objectives and competitive positioning.	1	2	3	4	5

OB10	Efficiency gains from technology adoption through alternative strategies improve transaction processing and service responsiveness.	1	2	3	4	5
OB11	High adoption rates of alternative banking technologies enhance operational efficiency and customer service capabilities.	1	2	3	4	5

6. Kindly provide data for your bank's performance across the following indicators for the years 2020 to 2024. The information you provide will be treated with strict confidentiality and will solely be used for academic research purposes.

Year	**NPL Ratio (%)**	**Customer Satisfaction Score (%)**	**Average Service Time (Minutes)**	**% of Digital Transactions**
2020				
2021				
2022				
2023				
2024				

Appendix III: Tier One Banks

1. Kenya Commercial Bank (KCB)
2. Equity Bank
3. Cooperative Bank of Kenya
4. Standard Chartered Bank Kenya
5. NIC Bank (now part of NCBA)
6. Commercial Bank of Africa (CBA)
7. Barclays Bank of Kenya (now Absa Bank Kenya)
8. Diamond Trust Bank (DTB)
9. I&M Bank
10. Stanbic Bank Kenya
11. FNB Kenya (First National Bank)

Appendix IV: KEMU APPROVAL 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

Our Ref: KEMU/NACOSTI/BUS/19/2025

April 11, 2025

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

Dear Sir/Madam,

RE: RITA CHAGA MWAMSINDO-BUS-3-4692-2/2023

This is to confirm that the above named is a bona fide student of Kenya Methodist University, in the Department of Business Administration, undertaking a Master's degree in Business Administration. She is conducting research on; *"Influence of Strategy Implementation on Performance of Tier One Commercial Banks in Nairobi 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 research license to enable her collect data.

Any assistance accorded to her will be highly appreciated.

Yours sincerely,

Dr. Nancy Rintari (PhD)
Director, Board of Postgraduate Studies
Cc: Dean, School of Business
CoD, Business Administration
Postgraduate Coordinator - BA
Supervisors

Appendix V: NACOSTI PERMIT

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Ref No: **571532**

Date of Issue: **10/June/2025**

RESEARCH LICENSE

This is to Certify that Ms.. RITA Chaga MWAMSINDO of Kenya Methodist University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Nairobi on the topic: INFLUENCE OF STRATEGY IMPLEMENTATION ON PERFORMANCE OF TIER ONE COMMERCIAL BANKS IN NAIROBI COUNTY, KENYA for the period ending : 10/June/2026.

License No: **NACOSTI/P/25/4174658**

571532

Applicant Identification Number

Deputy Director
NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Verification QR Code

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See overleaf for conditions