

**ASSESSING STRATEGIC RESPONSES ON PERFORMANCE OF COMMERCIAL  
BANKS IN KENYA: A CASE STUDY OF EQUITY BANK BRANCHES NAIROBI  
COUNTY**

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## DECLARATION AND APPROVAL

This is my research project is my original work and has not been submitted to any other institution or university of higher learning for any award or examination.

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Date: 09.05.2025

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This research project has been carried out and submitted by the candidate for academic purposes under my supervision.

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Date: 09/05/2025

Dr. George Muturi

## DEDICATION

This project is dedicated to my dear family, specifically my wife and children.



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## LIST OF ACRONYMS AND ABBREVIATIONS

|                |  |
|----------------|--|
| <b>ATM</b>     | Automated Teller Machines                                  |
| <b>CBD</b>     | Central Business District                                  |
| <b>CBK</b>     | Central Bank of Kenya                                      |
| <b>GDP</b>     | Gross Domestic Product                                     |
| <b>IT</b>      | Information Technology                                     |
| <b>KBA</b>     | Kenya Bankers Association                                  |
| <b>NACOSTI</b> | National Commission for Science, Technology and Innovation |
| <b>RDT</b>     | Resource Dependence Theory                                 |
| <b>RDV</b>     | Resource-based View  |
| <b>ROI</b>     | Return on Investments                                      |
| <b>SPSS</b>    | Statistical Package for the Social Sciences                |



## ABSTRACT

Kenya's financial sector has incurred substantial growth recently. The overall performance of financial firms, in particular, is influenced by diverse strategic responses to the dynamic banking sector with regulatory changes, changing market conditions, and stiff competition from other financial institutions. Thus, the primary goal of this research was to assess how strategic responses affect the performance of commercial banks in Kenya, particularly concentrating on Equity branches within Nairobi. This research explored four principles of strategic responses, including information technology, knowledge management, marketing strategies, and operational adjustment, as the independent construct on the overall performance of commercial banks as the dependent construct. The study was anchored using four main theories, Resource Dependence, Resource-Based View, and Dynamic Capabilities, to inform the independent variables. Meanwhile, stakeholder theory was used to notify the dependent construct. The study employed a descriptive survey method. The unit of analysis in this study was Equity Bank branches. Currently, Equity Bank has 192 branches across the nation, including 52 branches in Nairobi County. The target population included the 52 branches distributed in the different regions within Nairobi County. The respondents for this study consisted of individuals from top, middle, and lower-level management, incorporating nine professional cadres within each bank branch, summing up to 411 as the target population. A stratified sampling technique was utilized to classify the branches into small groups, and purposive sampling was used to select the sample size, adding up to 102 respondents. The study used structured questionnaires to obtain primary data. Information was assessed using inferential and descriptive analysis, including percentages and means. A multiple linear regression model and SPSS software were used, and the results were presented in tables. The outcomes revealed that the four independent variables explain 74.6% of the variation of Equity Bank's performance. Additionally, the ANOVA results indicated that the model significantly elaborated the relation between strategic responses and performance. Specifically, information technology and marketing strategies positively and significantly influenced Equity Bank's performance. However, knowledge management and operational adjustments recorded a positive but did not have a significant influence on Equity Bank's performance. The study, therefore, concluded that even though knowledge management and operational adjustments are crucial for the performance of commercial banks, information technology and marketing capabilities are stronger determinants of the banks' performance. The study recommended that commercial banks invest in more knowledge acquisition and information sharing to enhance knowledge management and regularly update operational procedures to enhance commercial banks' performance.

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.0 Introduction**

This chapter explains the research problem, objectives, and hypothesis guiding the study. It also presents the study's justification, significance, limitations, and delimitations. The scope of the study, including the time, methodologies, and theories, is expounded. This chapter concludes with a comprehensive definition of terms used throughout this study.

#### **1.1 Background to the Study**

Organizations in different fields are surrounded by an environment shaped by normative, cognitive, and normative pressures of social factors (Holstius & Kaynak, 2024). Despite these influences, they are still expected to remain competitive and relevant and maintain exemplary performance to achieve organizational goals (Malit, 2024). The banking sector is one of the entities that is characterized by volatility, technological changes, globalization, uncertainty, changes in consumer demand, and stiff competition (Ananga, Nyang'au, & Mwalili, 2024). Additionally, banks need to continually come up with new financial services and products to deal with the rapid complexities and challenges in the business environment (Holstius & Kaynak, 2024). Thus, the dynamic setting of the financial realm necessitates financial institutions to reconfigure and adopt both internal and external resources that seem to be in tandem with exemplary performance in terms of return on investments, cost-effectiveness, and increased market segment (Malit, 2024). Banks ought to embrace responsive strategies to achieve improved performance and promptness in response to the changing environment (Malit, 2024). Commercial banks have emphasized this in assessing their strategic responses that aim at establishing crucial resources and how to leverage them to optimize their performance.

Ngunga (2021) views strategic responses within an organization as the internal and external abilities that enable it to align its daily operations to achieve improved performance within the dynamic operational environment. From another perspective, In (2017) describes strategic responses as intricate, cumulative knowledge and skills that enable organizations to coordinate processes and reconfigure their resources to generate monetary value, enhancing their overall

performance. According to Ngunga (2021), strategic responses ought to be included in different organizations' processes, procedures, and routines to provide a sense of direction in the configuration of assets and resources. In banks, strategic responses can be described as deliberate actions, adaptations, and plans that are undertaken to address unprecedented issues, maintain competitiveness, and capitalize on novel opportunities in a dynamic environment (Ngunga, 2021). These strategies enable commercial banks to improve performance, manage risks effectively, and promote consumer satisfaction.

Leveraging strategic responses establishes a basis for commercial banks to enhance market share and uphold customer values and core competencies, ultimately contributing to better performance (Ngahu, 2020; Rita, 2023). Given that Kenya's banks and firms face stiff competition from other financial institutions, focusing on strategic responses can remedy their performance (Ngahu, 2020). In this regard, this study explored various dynamics of strategic responses, including information technology, knowledge management, marketing capabilities, and operational adjustment strategies that can bolster performance in the face of imminent challenges.

Performance of financial institutions in Kenya is a crucial topic given their significant role in the economy (Kodongo, 2024). With the increasing number of banks over the years and stiff competition from other financial institutions, it is imperative to understand key factors that influence the overall performance of commercial banks, to enable them to leverage and optimize their strategies to perform better (Ochenge, 2024). Performance in commercial banks can be measured through financial or non-financial parameters, including customer satisfaction, quality service delivery, or competitive advantage (Rita, 2023). However, this study measured commercial banks' performance through financial metrics, including cost-effectiveness, return on investment, and market share. The study therefore assessed the influence of various approaches of strategic responses on the cost, return on investment, and market share of commercial banks in Kenya, particularly focusing on Equity Bank branches in Nairobi County.

### 1.1.1 Global Perspectives

As of 2024, commercial banks in Nordic nations have depicted adaptability and utmost resilience amidst dynamic global economic changes (Junttila, Perttunen, & Raatikainen, 2021). According to a recent report by S&P Global in Finland, Nordea Bank, among the country's most popular

banks, has retained its AA status, the highest score credited to a financial institution for its performance (S&P Global, 2023). At the time, Nordea's return on equity was at 16.7%, with a cost-to-operation ratio of 43.4%, an increase from 42.4% in the preceding year (S&P Global, 2023). The bank's high performance was attributed to various factors, including digitalization of services, market retention strategies, and innovativeness (S&P Global, 2023). However, Nordea, among other banks in Finland, continues to face increasing inflationary pressures, higher policy rates, and increased credit losses, interfering with their overall performance (Junttila, Perttunen, & Raatikainen, 2021).

Commercial banks across Asia have depicted varied or mixed performance resulting from influences from factors like changing economic conditions, strategic practices, and interest rate fluctuations (Siddique, Khan, & Khan, 2022). According to a recent McKinsey report, countries like Japan with central leading banks like Mizuho Financial Group and Shizuoka Bank have shown promising performance to boost economic growth in the banking sector (McKinsey & Company, 2023). Additionally, recent regulatory changes and IT infrastructure in the Japan Banking Act have emphasized that Japan's banks shift from conventional to "beyond banking" practices (Al-Dmour, Al-Dmour, & Rababeh, 2021). With these changes, banks in Japan stand to realize an additional \$45 billion in revenue, achieving a 3.5% compound annual growth rate in 2025 (McKinsey & Company, 2024). Henceforth, to realize this potential, Japan's banks ought to reimagine their role and adopt strategic capabilities in innovativeness, digitization, and marketing strategies (McKinsey & Company, 2022).

In Asia, Indian commercial banks continue to grapple with many banking challenges hindering their overall performance despite continuous efforts to integrate strategic capabilities and responses in their systems (McKinsey & Company, 2023). According to a report by the Wall Street Journal, Indian banks are currently dealing with challenges such as weak credit growth and heightened bad debts due to increased cases of loan defaults and unsecured loans (Wallstreet, 2024). Additionally, another report by McKinsey & Company indicates that over 54% of commercial banks in India struggled with compliance with the stringent regulatory changes, with many citing them as constant and time-consuming processes (McKinsey & Company, 2023). Therefore, the article suggests adopting strategic response practices such as risk management initiatives and innovativeness to alleviate these challenges and enhance performance within the country (McKinsey & Company, 2023).

### 1.1.2 Regional Perspectives

Regionally, South Africa's popular commercial banks have showcased impressive economic performance throughout 2024 amid challenging operating conditions and heightened economic uncertainties, with a total earnings growth of about 2.5% compared to the preceding year (PricewaterhouseCoopers, 2024). PWC's central commercial banks highlight integral themes from the performance of Standard Bank, Absa, Nedbank, and FirstRand, underscoring the role of strategic responses like innovativeness, optimization of knowledge management, marketing capabilities, and information technology (PricewaterhouseCoopers, 2024). For example, South Africa's fiscal firms have unswervingly increased the digitally literate and active consumer rate to approximately 20 million, contributing to its stable performance. The optimal integration of various strategic responses and conventional strengths and opportunities has accelerated overall performance in most commercial banks within South Africa.

In East Africa, countries like Somalia's banking sector have shown notable growth in performance despite the increasing challenges they face (World Bank, 2022). According to the World Bank (2022), Somalia's banking sector has witnessed growth in the number of banks or market share, with an increase of 13 licensed commercial banks as of the end of 2022 with multiple branches of prominent institutions like the Salaam Somali Bank and Premier Somali Bank. Nonetheless, issues such as limited banking inclusivity or penetration and regulatory frameworks pose challenges to the performance and stability of fiscal firms in the country (Ngunga, 2021). For instance, despite significant innovativeness, diversification of financial services, and digitalization, less than 9% of the population possesses a bank account, given that most are from nomadic communities with limited banking services (Daahir, 2020). In addition, infrastructure and digital literacy challenges, as well as socioeconomic barriers, hinder the engagement and use of commercial banks within the region, significantly crippling commercial banks' performance in Somalia (Kodongo, 2024).

Uganda's banking sector has also shown promising statistics regarding return on investments and cost-effectiveness measures of performance (Uganda Bankers Association, 2023). As the recent report by the Ugandan Bankers Association (2023) indicated, 23 commercial banks attained a combined net profit of over 1.42 trillion Ugandan Shillings in 2023 compared to 1.28 trillion in the preceding year. The improved performance is due to the proliferation of informational

technology encompassing IT infrastructure, IT human resources, and IT operations in banking services (Kodongo, 2024).

### 1.1.3 Local Perspective

In Kenya, according to the Kenya Bankers Association (2023), banks have registered mixed outcomes over the past few years. For instance, Kenya's economy depicted remarkable resilience and economic growth in 2023, with the banking industry playing a substantial role in enhancing broad-based economic development in the face of global and domestic challenges (Ngahu, 2022; Nthenya, 2018; Ochieng & Kwasira, 2017). In a report by the State of the Banking Industry (SBI) released in 2024 by the Kenya Bankers Association, the nation's economy attained a 5.6% growth rate from 4.9% in 2023, largely buoyed by savings and deposit increase in the service industry (Kenya Bankers Association, 2024). Additionally, the banking industry had a substantial increase in the form of assets, which increased by 17.6%, equivalent to 1.2 trillion Kenyan shillings in 2024, which was attributed to the proliferation of online and mobile banking, marketing strategies, and knowledge management (Kenya Bankers Association, 2024). However, commercial banks operating income increased by 21% in 2024 compared to the previous year and registered a 9.1% decline in pre-tax profits (Kenya Bankers Association, 2024). This was particularly evident following the recent COVID-19 pandemic. Even though many commercial banks are gradually increasing their overall performance, most of them are still plagued with a myriad of challenges stemming from the pandemic (Ngahu, 2020).

### 1.1.4 Commercial Banks in Kenya

In Kenya, financial firms are regulated and licensed by the Central Bank of Kenya, which offers diverse financial services and products to all populations (Waithaka & Odollo, 2024). Commercial banks can be defined as financial entities that provide services like certificates of deposits, loans, savings bank accounts, and bank overdrafts to their customers (Kenya Bankers Association, 2023). As of 2023, the number of commercial banks remains at 39, which are classified into three tiers (Central Bank of Kenya, 2023). Tier one encompasses six large banks, tier two commercial banks are fourteen, comprising medium-sized firms, and tier three banks. The role of commercial banks cannot be overemphasized, as they are vital in enhancing the economic growth and development of Kenya's GDP (Waithaka & Odollo, 2024). They provide monetary policies that guide and

facilitate domestic, regional, and international trade payments to individuals and business entities (Waithaka & Odollo, 2024). In addition, commercial banks are considered custodians of members' funds as they function by taking funds security from their members and providing credit facilities at statutory reasonable interest rates (Kialkyulo, 2021). Commercial banks in Kenya are, therefore, crucial as their role goes beyond taking deposits and providing loans to facilitating economic development via monetary policy implementations and financial intermediation (Central Bank of Kenya, 2024).

In a recent report by Deloitte, one of Kenya's leading financial accounting firms, commercial banks are operating with heightened sensitivity and caution due to significant challenges that have interfered with their overall performance (Deloitte, 2023). For instance, many commercial banks struggle with increased competition, tighter monetary policies, macroeconomic uncertainties, and changing consumer preferences (Deloitte, 2023). Specifically, commercial banks are facing stiff competition for programmatic reasons since many consumers tend to extend their banking relationships across other financial institutions, adding to the already stiff competition for wallet share (Deloitte, 2023). In response, many commercial banks, especially tier one and tier two, are implementing strategies to deepen wallet share and defend their turf by adopting various strategic responses (Rita, 2023). According to a report by Deloitte, many commercial banks are adopting strategies like enhancing digital experiences, introducing innovative services and products, optimizing cost and pricing, and empowering leadership to alleviate these issues (Deloitte, 2023). Nonetheless, most tier-two and tier-three banks continue to grapple with these challenges, suggesting the need to adopt various strategic responses to improve performance (Ngahu, 2020).

### **1.1.5 Equity Bank Kenya Limited**

Equity Group Holdings is among the leading Kenyan commercial banks and financial providers headquartered in Nairobi with a significant presence across the country (WallStreet, 2017). The bank is licensed and registered by the CBK, which offers diverse financial services, including investment and savings plans, mortgages, and loans. Even though commercial banks are highly competitive in Kenya, Equity Bank has been able to maintain its operations in the market with a significant market share with over 197 branches countrywide and 52 branches in Nairobi County, which ensures efficient delivery of financial services, especially to members at the grassroots levels (Equity Group Holdings, 2024).

As of 2024, Equity Bank Group was the leading tier 1 capital with approximately 1.39 billion U.S. dollars, placing the institution in the 23<sup>rd</sup> position among the top 100 leading banks in Africa (Kenya Financial Times, 2024). With a presence in over six nations and a diverse clientele, Equity Bank Limited, particularly branches located within its headquarters in Nairobi, is a trailblazer in the sector of innovation (Kenya Financial Times, 2024). Another report by Kenya Financial Times (2024) indicates that it is the only Kenyan commercial bank that facilitates PayPal-to-Bank transactions, which gives it a competitive edge over the players of the burgeoning digital sector (Kenya Financial Times, 2024). The bank's ability to develop and adhere to strategic responses helps it deal with unprecedented changes and stiff competition from its rivals, maintaining its position, relevance, and performance to consumers (Wallstreet, 2017).

According to Ernst and Young (2024), Equity Bank Limited responds to environmental changes via strategic response strategies like innovation, marketing strategies, and integration of digital services, resulting in opportunities for growth and exemplary performance (Ernst & Young, 2024). Nonetheless, Equity Bank Kenya, like other commercial banks, has recently encountered challenges impeding their overall performance. In a report by Ernst and Young (2024), the bank's performance has faced heightened threats posed by FinTechs, which make over \$4.7 trillion annually, indicating consumers' shift from conventional commercial banks to FinTechs. In addition, the dramatic increase in regulatory compliance and strict regulatory measures related to credit losses and earnings have crippled the functions of many commercial banks, including Equity branches, significantly straining their resources (Ernst & Young, 2024). Besides, with the increase in technological advancements, high-profile security breaches have raised concerns among Equity Bank branches, forcing the institution to invest in the latest technologies to foster the security of sensitive data (Equity Bank Holdings, 2024). These, among other challenges, are some of the leading barriers hindering the achievement of Equity Banks in Kenya, suggesting the need for diverse implementation of strategic responses in their operations (Equity Group Holdings, 2024).

## **1.2 Statement of the Problem**

Ideally, the performance of Kenya's banks in Kenya is projected to increase in terms of profitability, operational efficiency, market share, and overall contribution to the country's economic growth (Ngahu, 2020). Kenya Bankers Association (2024) implies that the input of licensed banks to the Gross Domestic Product (GDP) should be multifaceted and substantial

enough, equivalent to about 10-15% of total GDP, to support overall development, financial stability, and economic growth. However, in 2023, Kenya's insurance and finance sector contributed to approximately 7-8% of the country's GDP due to robust challenges in the commercial bank sector (Kenya Bankers Association, 2023).

Kenya's economy is faced with heightened global uncertainties that affect the financial sector's performance (KPMG. (2024). With the increased volatile financial markets, geopolitical tensions witnessed in countries such as Ukraine, stringent monetary policies, and weaker global financial growth, commercial banks continue to struggle with significant barriers, impeding profitability, return on investment, and increased market share (KPMG, 2024). In return, based on the recent KPMG Kenya Budget Analysis in 2023, the nation recorded a slower growth in GDP of 4.4% contributed by financial institutions due to macro and microeconomic shocks like the Russia-Ukraine war and tightening of global financial market conditions (KPMG, 2024).

In another report by Pricewater Coopers (PwC), one of Kenya's leading accounting firms, most commercial banks still grapple with issues like low credit growth, lower commission, and fee income due to the recent regulation by the CBK to waive and restructure mobile transaction fees PricewaterhouseCoopers (2024), increased cybersecurity threats, and low volumes of commercial and property sales, affecting overall performance (PricewaterhouseCoopers, 2024).

Most studies have focused on assessing the impacts of common strategic responses on the competitive edge, overlooking measurable performance indicators such as financial and operational aspects (City & Ogega, 2023; Maitaria, 2022). This presents a contextual gap that the study aimed to address. Additionally, even though several studies have assessed the impacts of strategic responses on the performance of financial institutions, very few studies have explored the influence of strategic responses, presenting a geographical gap.

Furthermore, Ngunga (2021) studied strategic responses integrated in financial institutions, not commercial banks. For instance, Waithaka and Odollo (2024) focused on strategic responses in the Deposit and Credit Funds Board, overlooking the strategic responses' impacts on Kenya's commercial banks. These studies present conceptual gaps caused by the differences in the banking sectors explored. Therefore, this indicates that the role of strategic responses on banks' performance has not been explored exhaustively, presenting the need to address these gaps.

### **1.3. Purpose of the Study**

This study assessed the influence of strategic response on the performance of commercial banks in Kenya, concentrating on Equity Bank branches in Nairobi.

#### **1.3.1 Objectives of the Study**

The specific objectives that informed the study included:

- i. To assess the influence of information technology on the performance of Equity Bank branches in Nairobi County, Kenya.
- ii. To determine how knowledge management affects the performance of Equity Bank branches in Nairobi County, Kenya.
- iii. To establish the role of marketing capabilities on the performance of Equity Bank branches in Nairobi County, Kenya.
- iv. To assess how operational adjustment influences the performance of Equity Bank branches in Nairobi County, Kenya.

#### **1.4 Research Hypotheses**

This study tested the following hypotheses:

**H<sub>01</sub>:** Information technology has no significant influence on performance of Equity Bank branches.

**H<sub>02</sub>:** Knowledge management has no significant effect on performance of Equity Bank branches.

**H<sub>03</sub>:** Marketing capabilities have no significant influence on performance of Equity Bank branches.

**H<sub>04</sub>:** Operational adjustment has no significant influence on performance of Equity Bank branches.

#### **1.5 Rationale of the Study**

The primary objective of this research was to determine the role of strategic responses on the overall performance of commercial banks in Kenya, concentrating on Equity banks within Nairobi City. While strategic responses in commercial banks have been extensively studied in previous literature, there remains a paucity regarding strategic responses with specific attention on Equity Bank branches, especially those in Nairobi County, Kenya. Over the past few years,

many commercial banks have struggled to maintain their competitive advantage, increase market share, and make profitable investment returns, resulting in poor performance (Rita, 2023). This has garnered more attention on strategic responses, with many commercial banks attempting to assess how to leverage strategic responses to deal with unprecedented changes and external factors (Kialkyulo, 2021). With this in mind, this research narrowed down to Equity Bank branches in different parts of Nairobi County.

The justification for this research was based on the imperative role strategic responses play in enhancing a financial institution's performance, specifically focusing on Equity Bank branches, among Kenya's leading commercial banks (Ochieng & Kwasira, 2017). To increase their performance and maintain sustainable profitability, commercial banks must implement effective strategic responses as mentioned by Nthenya (2018). This study examined these strategies with a focus on Equity Bank. By focusing on the influence of information technology, knowledge management, marketing capabilities, and operational adjustment strategies, the study provided valuable and generalizable insights that seek to optimize commercial bank strategies for better performance.

### **1.6 Significance of the Study**

Kenya's banking industry has encountered rapid changes in its operations compared to past decades. At the moment, factors such as technological advancements, economic instability, intense sociological changes, government policies, and cutthroat competition have been prevalent, altering the operations of many commercial banks. These changes directly influence the success and profitability of the banks, coercing them to adopt the most appropriate response strategies to keep up with the changes. Thus, strategic responses enable commercial banks to align their organizational purpose with long-term objectives and facilitate better resource allocation.

Findings from this study may benefit various stakeholders, including key players in the economic sector. The management will have a comprehensive overview of optimizing existing information technology, market capabilities, operational adjustments, and knowledge management to enhance performance and address existing challenges. The study also informed management on future strategic planning, ensuring formulation, implementation, and evaluation of the most

appropriate strategic response initiatives that guarantee sustainable performance, as assessed via return on investments, cost-effectiveness, and heightened market segmentation.

This study's results would also be instrumental to policymakers within various tiers in the banking sector. Policymakers would gain invaluable information on relevant and updated strategy responses that are well-adjusted to suit the current competitive environment. Since the paper illuminates data-driven insights on the role of strategic responses in enhancing branch performance, policymakers can use these outcomes to guide policies and regulations that promote sustainable performance. Besides, from the challenges highlighted, policymakers can leverage the study's findings to adjust and refine existing policies, enhancing the bank's performance.

To academicians, scholars, and researchers, this study's results served as a building block to the existing body of literature that sheds light on strategic responses employed by Kenyan commercial banks. Future researchers can borrow and make inferences from the study's findings, supporting literary citations and highlighting patterns, trends, and themes to compare them with their work. Additionally, the outcomes would significantly add to the professional field of strategic management as they will point out current challenges that hinder commercial banks such as Equity Limited from undertaking strategic responses, slowing their performance. These findings enriched the existing knowledge, paving the way to dissect the existing hurdles and finding solutions to counter the challenges.

### **1.7 Scope of the Study**

This research focused on the 52 Equity branches across Nairobi County. The study explored specific concepts of strategic responses common in commercial banks, including information technology, knowledge management, marketing capabilities, and operational adjustment strategies, and their role or influence on the performance of the selected Equity Bank branches within the county. Key theories such as the Resource-based View, Dynamic Capability, and Resource Dependence theories were utilized to inform various strategies of the independent variable. Meanwhile, Stakeholder Theory was used to inform the performance of the chosen Equity Bank branches. The target population was 102 top-tier, middle-tier, and low-tier management staff, comprising the regional manager, branch managers, operations managers, marketing managers, credit and risk managers, relationship managers, back-office personnel,

tellers or cashiers, and clearing officers. The geographical scope will include Equity Bank Branches located in Nairobi's Central Business District, Nairobi West, Nairobi South, Nairobi North, and Nairobi East. The financial scope of this study was limited to Ksh. 101,000 and was self-funded. The budget covered data collection, analysis, and travel expenses. The study used a descriptive research design as it is cost-effective, efficient, and creates a basis to deduce a comprehensive and reliable picture of the trends, relationships, and patterns between the population and the study's constructs. Concerning time, the study was conducted between January 2025 and June 2025, guaranteeing adequate time for data collection, analysis, and interpretation to make reliable inferences.

### **1.8 Study Limitations**

The study encountered several challenges, especially when collecting relevant databases. Since the notion of strategic responses is subtle, some participants, especially in top-tier management, felt uncomfortable sharing the information freely because they feared sharing their details with competitors, losing their competitive edge. In addition, some participants, especially those in middle-level management, were reluctant to give honest responses for fear of being confronted and challenged by their superiors.

To mitigate this limitation, the researcher assured them that their answers would only be used for academic reasons and would be treated confidentially. They were guaranteed that their details would remain anonymous and would not be disclosed for any reason to enhance their participation. Additionally, some questionnaires were incomplete, which was mitigated by recontacting respondents if feasible or using statistical methods for data cleaning.

Moreover, given the busy schedules of most respondents at the top-tier and middle-tier management levels, there was an issue with the time frame. To counter this, the researcher disseminated the research instruments earlier to ensure the respondents have more time to carefully review the questions and contact the researcher for clarity or a better understanding. This prevented the likelihood of incomplete or vague answers that may render the results inconsistent.

### **1.9 Delimitations**

Geographically, the research was limited to selected Equity Branches within Nairobi, despite the heightened number of Equity Bank branches distributed across Kenya. The research also

employed data limited to a specific period to assess strategic response strategies in commercial banks. It only employed studies from the past ten years to ensure the relevance and reliability of the results, incorporating the current changes. Additionally, the study was limited to specific performance indicators of commercial banks, including return on investments report, the rate of market share, and cost, excluding other operational and financial measures.

### **1.10 Study's Assumptions**

The study presumes that the selected Equity Bank Branches within Nairobi County, Kenya, already have some strategic response initiatives and that all the branches function under similar conditions. Having parallel internal policies and conditions allows for fair comparisons of the strategic responses, enhancing the reliability of the findings. It was also assumed that top and middle-tier management are familiar with strategic responses within the institutions that guide their daily operations.

Similar to other research studies, it was presumed that all participants would share accurate, genuine, and complete responses related to the research goals. This helped save time and reduce redundancy in data analysis and interpretation.

### **1.11 Operational Definition of Key Term**

**Strategic Responses:** Kialkyulo (2021) defines strategic responses as decisions that foster the development and execution of actionable plans to achieve an organization's objective.

**Commercial Banks:** This refers to financial entities that take deposits or funds from the public, offer loans and other credit facilities, and make profit investments for the shareholders (Kinyua, Muathe, & Kilika, 2015).

**Performance:** This entails the diverse measures that indicate a stable financial and operation status for commercial banks through measurable metrics like return on investments, cost-efficiency, and increased market share (Wairugi & Wanjira, 2017).

**Marketing Strategies:** This refers to strategies for commercial banks to concentrate their limited resources based on their priorities, prioritizing the

resources to the most promising opportunity for competitive advantage, increased profit margin, and sustainable performance (Yuldashev, 2022).

**Information Technology:** This term describes the development, use, and maintenance of computer systems, networks, and software that are part of data distribution and processing technology.

**Knowledge Management:** This entails the process of coming up with and disseminating pertinent information that can be leveraged by an organization to its advantage by increasing awareness and understanding of stakeholders such as the staff and consumers (Al-Dmour, Al-Dmour, & Rababeh, 2021).

**Operational Adjustment:** This describes an institution's ability to adapt to its internal processes, and strategies, and leverage available resources in response to changes caused by external factors.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.0 Introduction

This section presents an overview of the role of strategic responses on the performance of commercial banks, enabling the researcher to explore existing materials on the research problem. The section starts by describing the four main theories, stressing their relatability and applicability to the research goals. This was followed by a comprehensive empirical analysis of existing studies gathered for the past ten years that relate to the study's variables. After this detailed review, research gaps were identified in conceptual, methodological, contextual, and geographical aspects to make inferences in this study by linking them with the study's questions and objectives. This section also presents a visual diagram of the conceptual framework demonstrating how the independent constructs relate to the dependent construct. Finally, the section summarizes how the empirical review and conceptual framework address the research's objectives and problem identified in the preceding chapter.

## **2.1 Theoretical Review**

A theoretical review outlines relevant theories that challenge, elaborate, expand, and question existing information about a specific topic. It provides a foundational building block for a comprehensive understanding of the constructs under study, enabling a researcher to relate them to real-world scenarios. Barney and Hesterly (2019) mention that when choosing a theory, a researcher should choose one that is relevant, simple, and can be applied to understand the study's constructs. This study was anchored by four main theories: resource-based view, dynamic capability theory, and resource dependence theory, informing other aspects of response strategies. Conversely, Stakeholders' theory anchored the dependent theory.

### **2.1.1 Resource-based View Theory**

Penrose originally developed the theory in the 1970s and later modified by Wernerfeldt in the 1980s, elaborating on how an organization can use the available resources to attain improved performance and ultimately maintain a competitive edge over other competitors (Barney & Hesterly, 2019). Penrose and Wernerfeldt perceived organizations in terms of their available resources rather than their developed economic positions and marketing products for assessing and monitoring the relationship between an organization's resources and performance (Barney & Hesterly, 2019). The theory postulates that resources within an organization are regarded as vital antecedents for efficient resource allocation, marketing methods, and development based on the firm's needs and priorities, promoting its overall performance (Barney & Hesterly, 2019). The theory capitalizes on a firm's ability to form and maintain beneficial relationships that contribute to the accessibility and efficient allocation of resources to accomplish organizational goals (Barney & Hesterly, 2019). Nason and Wiklund (2018) regard resources as intangible or tangible assets available at a firm's disposal to achieve desired performance; thus, organizations ought to source and use resources wisely from different actors for performance effectiveness.

The RBV is the overriding theory in this study as it provides a relevant argument for all four main strategic responses, including information technology, knowledge management, marketing capabilities, and operational adjustment strategies. Barney and Hesterly (2019) argue that firms with leaders who acknowledge the institution's capability and response strategies that leverage resources outdo their competitors and register good performance. This argument suggests that

leaders' decisions and actions are highly supported by the availability of resources within an organization.

The RBV theory informs the variable of information technology as a strategic response in commercial banks as one of the major resources all organizations possess in the advent of technological innovations (Nason & Wiklund, 2018). In this study, the RBV can be used to address the resources of commercial banks in terms of information technology. According to Barney and Hesterly (2019), the theory informs information technology infrastructure as it ensures the banking sector designs valuable IT resources such as string cybersecurity measures like multi-factor authentication and big-data analytics to foster customer relationship management. The theory also enables the banking sector to design and adopt rare IT resources, such as blockchain, for efficient transactions and inimitable IT human resources, such as highly-skilled IT specialists, which makes replicating systems and software challenging (Nason & Wiklund, 2018). By aligning their information technology infrastructure, human resources, and IT operations with the resource-based view theory, commercial banks can significantly enhance their operational efficiency, ultimately improving their performance.

The resource-based view theory also provides a compelling argument supporting knowledge management as an intangible, rare, and unique resource within organizations (Holstius & Kaynak, 2024). According to Nason and Wiklund (2018), RBV theory can guide organizations to provide inimitable consumer and employee knowledge that competitors find to replicate through mentorship programs, solid organizational culture, and leveraging customized knowledge management systems tailored to the bank's specific operations. On the other hand, the theory can inform knowledge responses such as regulatory terms and conditions and fraud prevention techniques that cannot be substituted by alternative resources promoting a bank's performance (Nason & Wiklund, 2018). Additionally, the resource-based view theory enables commercial banks to leverage their consumer, product, or service knowledge to assess customer insights, data, and financial market trends, enhancing productivity and performance. This means that if commercial banks learn how to leverage and use their unique, non-substitutable, and valuable knowledge management, they can make better decisions and tailor their services or products to cater to the needs of their consumers, enhancing overall performance (Nason & Wiklund, 2018).

The RBV theory can also be used to guide commercial banks' marketing capabilities in terms of guiding them on how to use their new and existing markets as a strategic asset for improved performance (Christa et al., 2020). By aligning the main principles of the theory, commercial banks can use it to collect valuable data on the changing consumer needs, purchase behavior, customer predilections, and financial needs, leveraging this data to attract new markets and retain their consumers (Nason & Wiklund, 2018). Also, RBV theory guides how organizations such as commercial banks can optimize their unique marketing capabilities, such as retention and promotion strategies, such as AI-powered marketing strategies to target specific customers (Barney & Hesterly, 2019). This makes it hard for competitors within the banking sector to replicate or match, enhancing its performance. Using the RBV theory, commercial banks can tailor and leverage their marketing strategies to develop unique marketing initiatives and use inimitable marketing assets as strategic resources, maximizing their overall performance (Nason & Wiklund, 2018).

The RBV theory also informs the variable of operational adjustment strategies, which entail principles like risk management practices and innovativeness. Using non-substitutable, valuable, inimitable, and rare resources, commercial banks can put in place adjustment strategies to help them navigate macroeconomic factors such as regulatory shifts, technological advancements, or market changes (Barney & Hesterly, 2019). The resource-based theory helps organizations adopt valuable compliance management frameworks and lean banking methods to enhance service delivery, consequently promoting overall performance. Financial institutions can use the resource-based view theory to develop rare resources such as real-time transaction platforms or personalized automation like virtual assistants that provide consumers customized monetary guidelines, especially during unprecedented events. By aligning operational adjustment strategies with this theory, Christa et al. (2020) suggest that commercial banks can enhance their efficiency and agility to respond to changing factors and maintain their performance.

Ultimately, this theory's pertinence is that it informs all the study's constructs, including information technology, knowledge management, marketing strategies, and operational adjustment strategies, in which financial firms can use resources to gain a competitive edge, enhancing their overall performance.

### **2.1.2 Dynamic Capability Theory**

David Teece, Amy Shuen, and Gary Pisano developed this theory in 1997. The theory states that organizations must have inbuilt strategies that help them respond quickly to changing circumstances and reorganize their internal and external resources, practices, and operations (Salvato & Vassolo, 2018). In today's rapidly changing work environment in different fields, dynamic capabilities theory has become increasingly popular with many organizations aiming to ensure competitive gain and maintain their sustenance (Ngunga, 2021). The main principle of the dynamic capability theory is that the core organizations must have core strengths that can be optimized or leveraged in terms of short-term changes or unprecedented events to achieve competitive advantage and bolster overall performance (Kodongo, 2024).

The dynamic capability theory informs this study's marketing capabilities variable, which means developing and optimizing available resources to maintain exemplary performance and competitive edge in a dynamic market (Salvato & Vassolo, 2018). The dynamic capability theory can be used to guide marketing strategies within commercial banks by informing them of market opportunities and threats, enabling financial institutions to tailor their marketing strategies in a way that understands the needs and behaviors of their consumers (Kodongo, 2024). This helps commercial banks provide financial services to new markets, especially the unbanked population, while retaining customers by meeting their needs and expectations (Teece, 2018). In addition, the dynamic capability theory enables organizations to develop market retention and promotion strategies as it emphasizes the need to adopt marketing strategies that deal with macroeconomic or unprecedented changes (Kodongo, 2024). The theory also helps financial institutions seize new marketing innovation opportunities through digital platforms, personalized banking experiences, and product innovation as it offers insights into consumers' needs and preferences in times of imminent events.

The theory also informs the variable on operational adjustment as a strategic response, including embracing innovativeness and risk management plans. According to Salvato and Vassolo (2018), commercial banks, among other financial institutions, ought to continuously refine their operations and integrate innovative financial products or services suitable to different populations. In this regard, the dynamic capability theory reinforces that banks should constantly sense and seize innovation opportunities by assessing the technological, market, and consumer behavior trends through emerging technologies and understanding changing consumer demands (Wang & Kim, 2017). Aligning their innovation practices will enable them to stay on top of the game and increase

their efficiency and relevance amidst a stiff, competitive, and dynamic environment. The theory also suggests that commercial banks should learn to sense, seize, and reconfigure emerging risks by developing risk-mitigating practices based on previous experiences that help them keep track of cybersecurity frameworks, regulatory changes, credit risks, and revenue streams, among other challenges that plague their overall performance (Li, 2024).

The theory contributes to this study by reiterating how firms can leverage certain strategic responses to transform them into value-creating initiatives during imminent events. This study used the theory to anchor operational adjustments and marketing capabilities, showcasing how commercial banks can enhance their performance by focusing on innovativeness, reconfiguring, and seizing new opportunities. However, despite the strengths of the dynamic capabilities theory, it has some apparent flaws or criticisms (Teece, 2018). According to Teece (2018), although dynamic capabilities or skills might be valuable in an organization, they cannot be considered the ultimate source of long-term performance or competitive advantage tools. This limits its use and efficacy in large organizations such as commercial banks, which involve a management hierarchy, each with a role to play in decision-making.

### **2.1.3 Resource Dependence Theory**

Resource Dependence Theory (RDT) was first proposed by Pfeffer and Salancik in 1978, who claimed that organizations are not able to generate internal resources; thus, they are solely required to source and leverage external resources, giving them a competitive edge (Zona, Gomez-Mejia, & Withers, 2018). Besides, the theory concerns how external resources affect the firm's behavior and operations, emphasizing adaptation strategies that organizations must have in place to survive turbulent changes (In, 2017). RDT theory is, therefore, vital since an organization's ability to obtain, modify, and deploy materials quicker than other competitors can be imperative in their overall success and performance in the market share (Jiang et al., 2023).

Resource Dependence Theory informs the variable of information technologies, which entails outsourcing and leveraging strategic assets like IT infrastructure, IT human resources, and IT operations. With the rapid technological advancements, commercial banks rely on various IT infrastructures, such as cybersecurity solutions and software, forcing them to source these services and products from third-party suppliers (Zona, Gomez-Mejia, & Withers, 2018). The RDT theory aligns with this perspective, encouraging commercial banks to establish strategic partnerships with

IT service providers and fintech companies to secure necessary resources, especially when faced with unpredicted changes. Additionally, the resource dependence theory can be applied by commercial banks when sourcing IT professionals or human resources such as software developers, cybersecurity experts, and consultants to complement their human resource team, enhancing overall performance. Celtekligil (2020) asserts that developing partnerships and strategic alliances with other IT professionals from fintech companies enables recruitment and hiring of high-skilled personnel in case of an emergency or changes in the business dynamics.

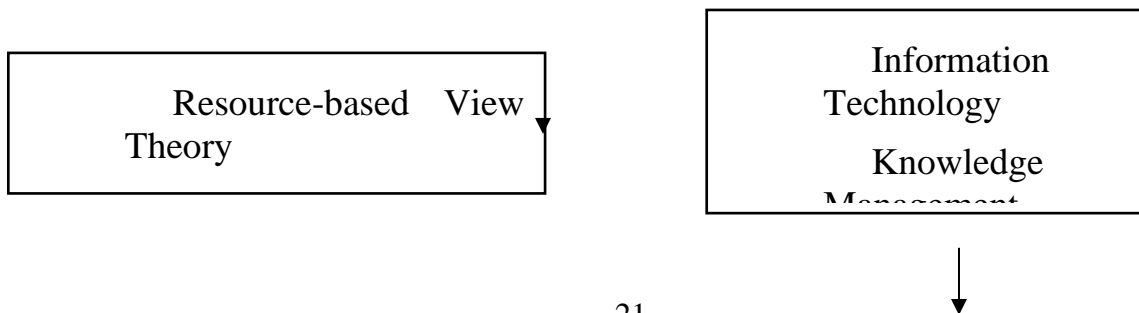
The resource dependence theory also informs the variable of knowledge management, which encompasses creating awareness and training among employees, enhancing consumer knowledge, and product or service knowledge within an organization. Commercial banks can employ this framework in this context to leverage external knowledge management resources and form meaningful relationships with both staff and consumers, bolstering performance (Celtekligil, 2020). Since fiscal firms function in a highly regulated and competitive world, updated knowledge about regulations, markets, data-protection technologies, financial services, and products is crucial for long-term performance (Zona, Gomez-Mejia, & Withers, 2018). With this in mind, the RDT theory posits that commercial banks should leverage external knowledge through acquisitions from strategic alliances and partners such as regulatory bodies and fintech companies, increasing their knowledge base. The RDT can also help commercial banks understand and manage consumer information or knowledge to foster financial offerings and improve customer satisfaction. Dependence on external consumer knowledge through review of consumer data such as feedback mechanisms and transactions, as well as analyzing consumer insights, helps banks to personalize their fiscal provisions catering to members with diverse needs (Celtekligil, 2020).

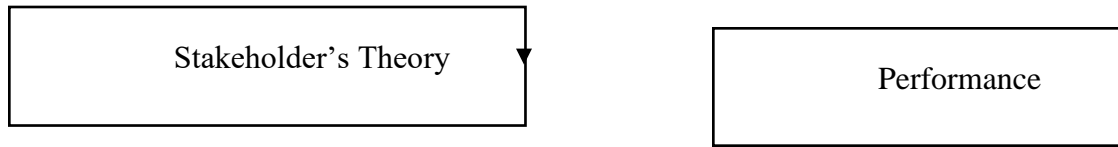
One of the weaknesses of the RDT theory is that it fails to elaborate the cultural and social issues within an institution's external and internal environment (Alkhuzaim Kouhizadeh, & Sarkis, 2022). Nonetheless, the pertinence of this theory, especially in this study, is to elaborate on why some commercial banks succeed by leveraging internal and external resources, whereas some do not succeed despite having equally competitive environments. The RDT theory states that the secret to sustainable performance and a competitive edge among commercial banks lies in the dynamic strategy responses, which, in this case, include leveraging knowledge management channels and information technologies.

### 2.1.4 Stakeholders' Theory

The theory was originally developed in 1984 by Edward G. Freeman, who posits that businesses operate to serve the interests of all stakeholders, not just to make profits for the major shareholders (In, 2017). According to Freeman (2023), stakeholder theory suggests that an institution's success relies highly on its ability to balance and manage the interests of all stakeholders, unlike the shareholder theory, which focuses on making profits for the primary investors. The theory further states that organizations ought to consider the expectations and needs of various groups that are directly or indirectly influenced by the organization's operations to ensure performance. Freeman (2023) points out the theory's key principles, underscoring the need to balance all stakeholders' needs and interests, including suppliers, consumers, regulators, and the entire community, to establish value for all stakeholders. In (2017) further states that organizations that apply the stakeholder theory achieve long-term sustainability as they can build stakeholder loyalty and trust, ensuring profitability.

In the banking sector, stakeholder theory is vital in informing the dependent construct in this study, which is performance. According to Goyal (2022), the banking sector measures its performance through financial indicators like profit margins, investment return, cost-effectiveness, and market share. Stakeholder theory can be applied in commercial banks like Equity Bank Limited to develop a member-centric strategy that addresses the needs of all stakeholders, including customers and employees (Barney & Harrison, 2020). For instance, communities and customers expect commercial banks to provide fair pricing, secure and reliable banking services, and engage in ethical business practices (Barney & Harrison, 2020). Upholding this theory will help commercial banks address and meet such needs, ultimately enhancing their financial and overall performance. Therefore, stakeholder theory informs the dependent variable in this study, highlighting the need for commercial banks to respect and include all stakeholders' interests to improve overall performance.





Source (Researcher, 2025)

## **2.2 Empirical Review**

### **2.2.1 Information Technology and Performance**

In a study by Karangara (2023), the author assessed the impacts of Fintech solutions in the banking realm in the United Kingdom and European nations. Using vital financial metrics like Return on Investment and Net Interest Margin, the research explored the influence of Fintech in the financial sector across Europe. The study used an in-depth research survey method, accessing secondary data from the past five years to ensure its relevance and precision. It also utilized a mixed-method design to retrieve primary data using survey results and qualitative interviews from the top-level management of 52 well-known UK banks and a sample population of 45 managers as the respondents. Among other findings, the study reinforced the impacts of fintech services in the banking industry across the selected UK banks, denoting its role in enhancing innovations, competition, financial inclusion, and improved customer service, ultimately enhancing overall performance. Nonetheless, the findings uncovered barriers hindering banks' fintech applications, including privacy and security data issues and legal uncertainties. The author recommends more investment in cutting-edge fintech solutions within commercial banks, emphasizing the role of blockchain technology, mobile wallets, and peer-to-peer payment applications to enhance overall performance.

Research by Saeed and Ahmed (2023) assessed the impacts of information technology on the overall performance of banks via infrastructure systems like accounting information systems. Guided by the dynamic capability theory and the Technological Acceptance Model, the study explored how selected banks in Iraq employed information infrastructure to enhance their performance. Data was collected on five popular commercial banks within the Kurdistan Region in Iraq and analyzed using an ARDL model. The target population within the five banks was 354

participants; however, the participants were selected using purposive sampling, recruiting only 154 respondents as the sample size. The respondents were limited to top and middle-level management for conclusive and generalizable findings. The findings indicated that information technology infrastructure within the banks' accounting system substantially and positively affected all five banks. The authors highlighted the need to integrate novel technological models and software to enhance performance. However, the study highlighted that most banks underperformed despite the integration of IT infrastructure due to inadequate staff training, as many employees were unfamiliar with most IT systems. To compete in the ever-growing market, the authors strongly recommend adopting an IT infrastructure and adequately training employees to ensure efficiency and performance. Notably, this research provides insights into the impacts of information technology in streamlining commercial banks' operations, with a specific focus on banks in Iraq, which are often affected by external factors such as political instability and geopolitical tensions.

Phiri (2024) conducted a study investigating technological implementation as a crucial aspect of the performance of the fiscal institutions in Zambian banks. The study focused on four commercial banks in Lusaka: Stanbic, FNB, Zanaco, and Atlasmara, selected based on their income and footprint. Using a mixed-method approach, data was analyzed via financial reports, interviews with bank specialists, surveys, and industry databases between 2015 and 2020. Theme coding and statistical models were utilized to assess the data. The research found a positive association between technology integration and overall performance. The research contributed to this field by providing significant insights into how African banks can leverage technology adoption to improve the performance landscape.

In Kenya, Wairimu and Karanja (2016) explored the influence of human resource IT on the performance of fiscal institutions. The research explored how human resource practices within the banking sector are linked with technology to improve efficiency and performance. The study used a descriptive research method to collect data from 41 banks. A purposive sampling method was used to select the participants, narrowing down to one respondent who was the human resource manager per the 41 banks. Data was obtained via survey forms, which were physically handed out to the 41 respondents. The retrieved data was assessed through descriptive and content analysis and coded into recurring themes and patterns. The multiple regression model was also utilized to measure quantitative data, and the study uncovered that employing information technology

systems in human resource practices positively influenced commercial banks' performance. The findings unveiled that employee training and development on information technology systems significantly influence banks' performance. The authors concluded by recommending that human resource management for commercial banks should conduct training based on the employees' needs and skills gaps since the majority were unfamiliar with how to leverage

### **2.2.2 Knowledge Management and Performance**

In Thailand, Christa et al. (2020) investigated the role of knowledge management on the performance of renowned financial firms in Thailand. In every bank, performance is often one of the main goals among major stakeholders, forming the basis of the study's research objectives. The study used a cross-sectional method, obtaining data from 600 bank officers from six renowned commercial banks, including Siam Commercial Bank, TMBT Thanachart Bank, Krung Thai, Bangkok Bank, Bank of Ayudha, and Kasikorn, distributed across Thailand, registered and licensed under the official register database. The participants were selected through the multi-stage sample technique. A questionnaire was used to collect data summarized through structural equation modeling. From the findings, knowledge management directly influenced commercial banks' performance with a coefficient value of 0.05. Given the surging number of unbanked populations, the study is crucial in adding to the limited knowledge of the significance of knowledge management on financial institutions' performance in Asia.

Al-Dmour et al. (2020) assessed the impacts of market awareness management on commercial banks' performance focusing on Jordanian fiscal institutions. The study employed knowledge-based theory and the technology acceptance model, and a quantitative approach to collect data from 336 employees and managers from 13 Jordanian banks. Data was retrieved through in-hand and online research instruments and analyzed via structural equation modeling to verify the study constructs. The primary findings denoted that market knowledge management had a favorable and significant influence on the banks' achievement, with fintech innovation mediating the relationship. This study contributes to existing studies as it fills the gap regarding the significance of marketing knowledge management capabilities in a developing nation like Jordan. The authors recommend that commercial banks should remain aware of the significance of knowledge managing strategies to foster their innovation and bank performance.

Regionally, Ibojo and Mobolade (2023) assessed the impacts of consumer knowledge on commercial banks' outcomes in Nigeria paying specific attention to consumers' attitudes and awareness of e-banking channels. The primary objective was to assess the degree to which Nigerian consumers were exposed to and used e-banking platforms and how their knowledge shaped their attitudes. Data were collected and assessed via the survey using a conclusive quantitative research method. The population encompassed EcoBank, Zenith, and First Bank in Edo, Kwara, and Kogi in Nigeria. Structured questionnaires from the selected 30 branches from the three banks were used to elicit data from 480 participants. A sample t-test method was utilized to test for reliability and significance, with findings revealing that customers' exposure and usage of online banking, cryptocurrencies, mobile wallets, and ATMs substantially impacted their perceptions towards e-banking. This study is relevant as it highlights the need for commercial banks to increase awareness and consumer knowledge of e-banking services to demystify their stereotypes and fears, creating a positive attitude towards e-banking.

Ngahu and Mbugua (2017) examined the role of knowledge handling and commercial banks' performances in Kenya by assessing common financial metrics like ROE, ROA, and profit margins. With many commercial banks introducing innovative financial products and practices due to technological advancements, the study sought to identify the link between knowledge acquisition and integration on commercial banks' performance in Kenya. Employing institutional theory and knowledge economy framework, the research used a descriptive survey encompassing a sample of 363 participants. The respondents included supervisors in the strategic management department in 22 commercial banks and were later assessed through descriptive statistics. The regression method was also utilized to determine the association between knowledge management and banks' overall performance, where correlation analysis denoted their strength. The outcomes depicted a substantial and positive correlation between knowledge acquisition and incorporation and Kenyan banks' performance. Ngahu and Mbugua (2017) recommend that commercial banks increase consumer and employee knowledge of financial products and services to enhance performance.

### **2.2.3 Marketing Capabilities and Performance**

Jian et al. (2023) assessed the impacts of marketing capabilities on the achievement of Nigerian banks and how they affect the overall economy. With the recent challenges commercial banks in

Nigeria have faced, such as increased competition from insurance and fintech startups, this study determined the influence of novel marketing strategies in improving banks' performance. The study used an explanatory method whereby data were retrieved using unstructured questionnaires administered to the selected banks' management, staff, and customers. In total, 250 respondents were chosen using the convenience method, and the data were scrutinized using multiple regression. The outcomes revealed that the four variables, quality of service, prices, promotion, and distribution networks, contributed to increased performance with a percentage of 73.6%, 38.5%, 31.2%, and 51.9%, respectively. The authors concluded that commercial banks should revamp their marketing strategies, specifically focusing on promotion and price strategies, to enlarge the market size. The authors also recommend that financial firms leverage novel technologies in the banking sector to present new financial solutions that seek out a new class of consumers, especially from underserved communities.

Gateka Ella (2019) investigated the correlation between marketing techniques and sales performance in fiscal firms within Bujumbura, Burundi, following the recent decline in sales performance. The research used a descriptive method and retrieved data from a target population of 337 participants. The Slovene formula was employed to narrow down the sample size to 183 participants. Data was collected using interviews and questionnaires whereby 172 questionnaires were retrieved. Quantitative data was assessed using percentages tables, standard deviations, frequency, and mean whereas qualitative data was scrutinized through theme coding. The results found that marketing practices used by financial institutions in Bujumbura have no significant influence on sales outcomes. However, the study found that marketing strategies such as retention and promotion practices had a positive and substantial influence on sales performance. The research made recommendations such as challenging banks' management to develop and assess their financial products or services to check their suitability and adaptability to target consumers before launching them. The study contributes to the existing knowledge, emphasizing that banks should equally consider products and prices to capture and retain consumers, increasing their sales performance.

In Somalia, Osman (2022) assessed the impacts of marketing on commercial bank performance in selected banks in Mogadishu. The study targeted 100 respondents from selected commercial banks in Mogadishu, comprising top and middle management, non-managerial staff, and supervisors. From the target population, 80 respondents were chosen through random sampling, and

unstructured questionnaires were directly administered. After data collection, the data was analyzed in three steps: data preparation, interpretation, and analysis to deduce reliable results. The outcome revealed a positive and substantial correlation between price, promotion, and product strategies with bank performance, which was the dependent variable. In a nation struggling with political instability, which directly influences bank services, the author recommends that commercial banks should buttress marketing practices, especially product and price initiatives, to accommodate the needs of all populations, especially from low-income households.

Kuria and Muturi (2018) explored the impacts of consumer retention practices on the sales outcomes of financial firms in Kenya. Kenya's commercial banks have recently encountered significant challenges ranging from server competition to customers' switching off. Therefore, this research aimed to determine the role of customer focus and complaint-handling practices on banks' performance. Using customer bonding theory, the study utilized a descriptive technique. The authors used unstructured questionnaires for the target population comprising 41 licensed fiscal institutions in Kenya. The study selected four participants from the 41 banks, totaling 164 respondents. Using a regression model, the research uncovered a positive and substantial impact of complaint handling and customer-focused marketing methods on the banks' performance. To conclude, the authors recommended that bank managers should reinforce promoting effective complaint-handling systems to create a good reputation, promoting customer retention and overall performance. Additionally, the authors suggested that fiscal firms should adopt communication strategies to ensure consumers' needs are met and satisfied promoting customer retention and performance.

#### **2.2.4 Operational Adjustments and Performance**

Noori (2021) surveyed the impacts of financial risk management on the sales achievement of fiscal institutions in Malaysia as one of the operational adjustment responses in times of unprecedented events. The study used a content analysis qualitative research method targeting 26 fiscal institutions listed in Bursa Malaysia. Specifically, the study attempted to ascertain the role of public disclosure and transparency as risk management frameworks during financial difficulties, assessing how banks utilized them to counter the situation. The paper focused on 78 top-level management from the selected 26 banks in Malaysia using a purposive technique to ensure the generalizability of the outcomes. Data was collected through scheduled surveys and interviews

and later scrutinized via inferential and descriptive statistics. The study's findings indicated a positive link between risk management practices and the outcomes of Malaysian fiscal institutions. This suggested that risk management alternatives like managing market risk, liquidity, and credit risks resulted in better performance as banks were well-equipped and prepared to deal with unforeseen challenges. The study recommended further research on effective risk management methods to ensure commercial banks integrate operational adjustment measures that guide them in times of financial crisis.

In Indonesia, Christa, Wardana, Kristinae, and Dwiatmadja (2020) investigated the effects of innovation practices on the impacts of market positioning and performance of Central Kalimantan Bank. The study involved 250 senior-level staff using quantitative analysis. The research utilized secondary data from fiscal statements and reports and primary data from scheduled interviews with the respondents, which was later analyzed using structural equation modeling for data analysis. It was discovered that innovation strategies such as fintech integration, big data analytics, service and product innovations like QR codes, and process innovations like AI-detection systems enhanced the bank's performance. By leveraging these innovation strategies, the authors imply that banks can improve their efficiency, customer experience, and security measures, ultimately attracting new customers, retaining old ones, and guaranteeing better performance.

Regionally, Von Tamakloe et al. (2023) explored the effects of risk management practices on Ghanaian banks' performance as part of operational adjustment methods. The research utilized a quantitative method based solely on secondary information of seven banks, which were chosen through purposive sampling. After data analysis through regression models, the study's outcomes indicated that four types of risks, operational, liquidity, market, and vis-à-vis risks, had a substantial and positive effect on banks' overall performance. The authors determined that risk mitigation methods such as credit risk assessment, hedging initiatives, and liquidity management contributed to improved performance, encouraging more commercial banks to adopt these measures in times of financial difficulties.

In Kenya, Peter, Munga, and Nzili (2021) assessed the impacts of process innovation methods on the outcomes of tier-one fiscal firms in Kenya to assess their operational adjustment strategies in times of financial crisis. The research used a descriptive method targeting 494 senior, lower, and middle management employees from the eight tier-one banks. A sample of 221 participants was

obtained using a stratified random sampling. Percentages, central tendency, dispersion, and frequencies were used to scrutinize the data. The findings found that innovation strategies like queuing methods, electronic fund transfer, and online distribution of ATMs improved banks' performance to a great degree. The authors also mentioned that innovation methods have a significant and positive impact on the outcomes of tier-one fiscal firms, recommending that they should implement market research departments to conduct regular surveys. This will enable them introduce novel products and services that are catered to accommodate the changing consumer demands guaranteeing better performance.

### **2.2.5 Performance of Commercial Banks**

Ongongo and Mang'ana (2022) investigated the significance of strategic management on the overall outcomes of commercial fiscal firms in Kenya, given the faster pace of changes such as strict regulation, technological advancement, customers' sophistication, and rapid globalization. The study aimed to assess factors contributing to commercial banks' performance by using financial metrics such as cost-effectiveness, return on investments, and net margins. The study used a descriptive survey method. The study used a census sampling method to recruit respondents from 40 commercial banks nationwide. The observation unit included heads of human resources, finance, marketing, administration, and operations from the head departments. The study used primary and secondary data from annual reports and financial statements from the respective banks and the CBK. Using regressions, correlations, and descriptive statistics, the findings indicated strategic management's substantial and positive impact on overall bank performance. The authors recommended that banks ought to realize the role of strategic management in all departments to increase overall performance. The study shared invaluable insights into how commercial banks can adopt strategic practices like performance review and risk management practices to enhance their performance.

Kirimi, Kariuki, and Ocharo (2022) conducted a study examining the financial health and outcomes of fiscal institutions in Kenya. The study utilized a dynamic panel framework to obtain and assess secondary data from selected commercial banks between 2009 and 2020. The authors employed 245 workers in 14 selected banks across Kenya. Using a purposive method, middle and top-level management professionals were chosen for the study to retrieve primary data through questionnaires and interviews. The study adopted the CAMEL approach, adopting the five

CAMEL variables. Based on the findings, financial health status had a statistically significant impact on return on investments and equity, stressing the role of financial policies to ensure the improved performance of banks. The study provides recommendations on how financial institutions can improve their performance by focusing on attaining sustainable financial soundness.

### **2.3 Critical Review and Research Gaps**

Several studies covering strategic responses to commercial banks' performance globally have provided invaluable information. For instance, studies done by Kuria and Muturi (2018), Nason and Wiklund (2018), and Zona, Gomez-Mejia, and Withers (2018) emphasized the role of knowledge management and information technology, including IT human resources and infrastructure, in improving the performance of fiscal firms in Kenya. Similarly, Ndungu and Muturi (2019) and Ngahu and Mbugua (2017) demonstrated how marketing strategies and operational adjustment strategies result in enhanced financial performance for commercial banks, especially in times of unforeseen challenges. Findings from these studies play an instrumental role in informing the role of various strategic responses in enhancing performance among commercial banks in general.

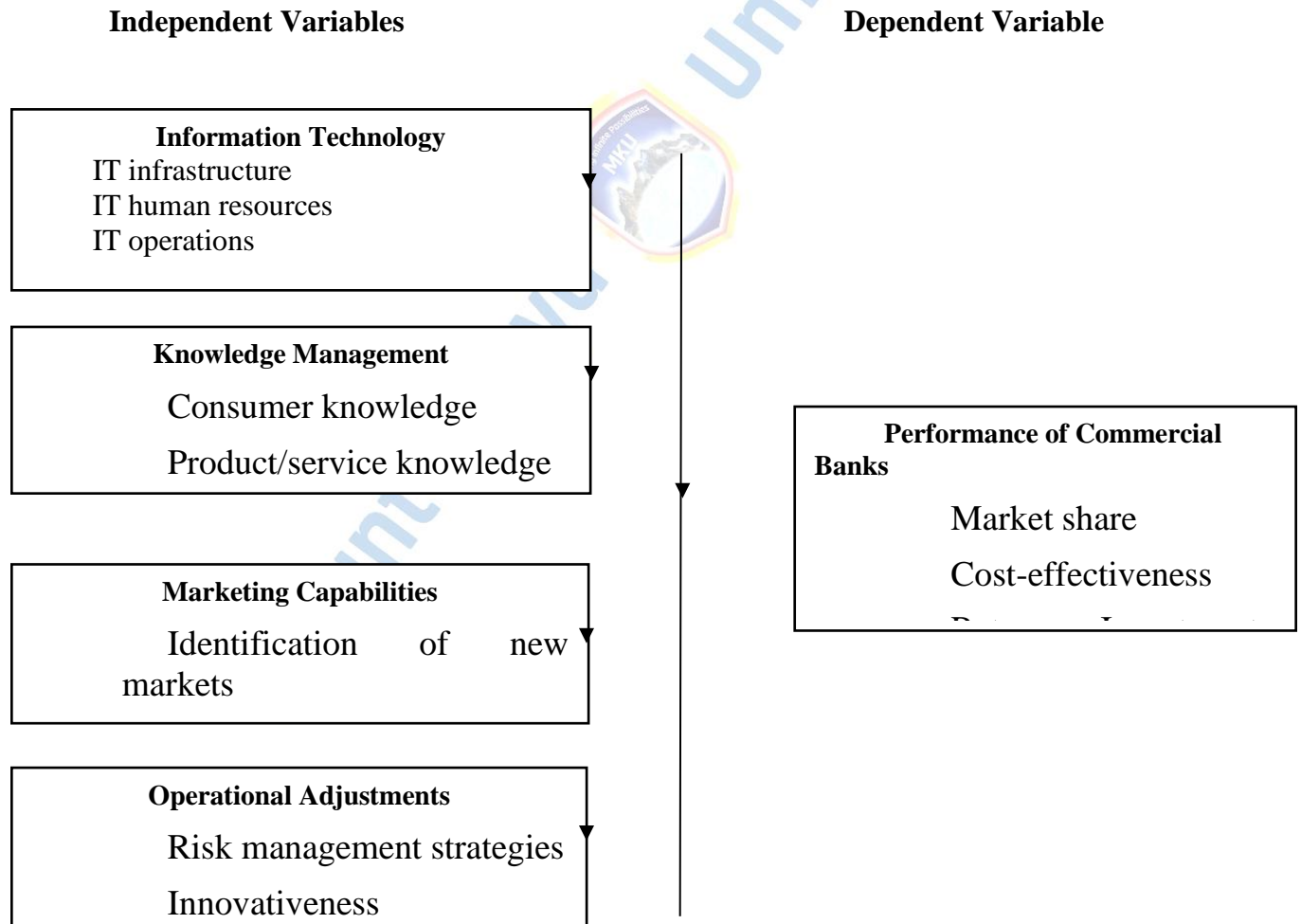
However, all these studies bring out some research gaps including methodology gap, context gap, and geographical gap. For instance, Von Tamakloe, Boateng, Mensah, and Maposa (2023) and Wairimu and Karanja (2016) focus on strategic responses to competitive advantage which is a crucial component of banks' performance but failure to specifically focus on strategic response strategies on the financial performance of fiscal firms. Geographical gaps also persist in most studies, as they fail to focus on strategic responses within a specific region but rather generalize findings for all commercial banks (Peter, Munga, & Nzili, 2021; Wang & Kim, 2017). This study focuses on the operations of Equity Bank Branches, one of the tier-one financial institutions in Kenya, with a unique concentration on branches within Nairobi.

Osman (2022) emphasized a few strategy responses in their research that were implemented to measure the organizations' performance, presenting a contextual gap. Most studies focus on strategy responses like information technology and the implementation of marketing practices like promotion and market retention, overlooking key factors such as knowledge management, especially among consumers.

Moreover, most studies adopt quantitative methodologies employing secondary data and statistical data analysis methods like inferential and content analysis (Jian et al., 2023). Hence, this addressed this methodological gap by using a descriptive research design to provide a detailed and accurate account of strategy responses and the performance of commercial banks. Most studies also have theoretical gaps since most theories are contradictory, outdated, and incomplete (Rita, 2023).

## 2.4 Conceptual Framework

A conceptual framework can be regarded as a study's foundation, presenting a visual and systematic structure to vividly understand how the dependent construct relates to independent constructs (Ndungu & Muturi, 2019).



Source: Researcher (2025)

## 2.5 Chapter Summary

This section explored the theoretical review underpinning independent and dependent variables, including the resource-based view, dynamic capability, resource dependence, and stakeholders' theories. The frameworks were explored in depth, pointing out their application and relevance in this study, particularly focusing on commercial banks. This sector also presented an in-depth empirical overview of the main principles of strategy responses, including information technology, knowledge management, marketing strategies, and operational adjustment capabilities, denoting various studies' findings, methodologies, and theories related to this study. This chapter concludes by providing a detailed critical review, a review of the research gaps within the reviewed studies, and a conceptual framework.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.0 Introduction**

This chapter outlines the research methodology. The section begins by outlining the research philosophy and the reasons for selecting it. It is then followed by a systematic procedure on how the target population were selected, indicating the sampling method and the sample size in depth. This was followed by data collection tools to retrieve respondents' data and the data analysis techniques adopted to make reliable and accurate inferences. Lastly, the chapter incorporates ethical considerations.

#### **3.1 Research Philosophy**

A positivist research philosophy was used as it assumed an objective reality in a way that can be observed and measured using a structured methodology. Research philosophy entails a set of assumptions and beliefs that guide a researcher in research, as they influence the selection of methodology, data analysis, and approach (Ochenge, 2024). Ultimately, a research philosophy helps the researcher to understand knowledge creation, select valid data, and interpret findings (Žukauskas, Vveinhardt, & Andriukaitienė, 2018). According to Creswell (2021), positivist research philosophy relies on measuring reason, assuming that knowledge obtained can be quantifiable or measured to make specific observations of a population's actions, activities, or reactions. Therefore, this research used a positivist research paradigm since it legitimizes a thorough review of a specific body of knowledge via theoretical and empirical lenses, enabling the generalization of the results.

#### **3.2 Research Design**

This study adopted a descriptive research method. This research method was suitable for this study as it enabled the respondents to provide nuanced and descriptive experiences and perspectives, answering the when, what, how, and which questions. A descriptive research design is instrumental in describing certain phenomena or situations in depth, establishing a causal correlation between a study's constructs (Siedlecki, 2020). Therefore, a descriptive research design was suitable for

investigating strategic responses on the performance of Equity branches across different parts of Nairobi.

### 3.3. Target Population

This study targeted 52 Equity Bank branches distributed across different regions within Nairobi County as the unit of analysis. Equity Bank has 192 branches countrywide, of which 52 are in Nairobi. Conversely, the observation unit encompassed 9 participants from different professional cadres within the top, middle, and low-level management. These cadres included the regional manager, branch manager, and operations manager from the top-tier management, marketing manager at the branch level, credit and risk manager, and relationship manager, making up the middle-tier management, and the low-tier management comprising the back-office personnel like cashiers or tellers, and the clearing officer. Therefore, the target population was 411 employees within the 52 Equity branches across Nairobi County, Kenya. Creswell (2021) emphasizes that selecting the right population is integral to achieving reliable and accurate results since it lays the foundation to connect the study's objectives and research questions to the right participants. The branches used are shown in the table below.

**Table 1: Sample size**

| Area                                    | Branches  |
|---|-----------|
| Nairobi Central Business District (CBD) | <b>17</b> |
| Nairobi East                            | <b>9</b>  |
| Nairobi West                            | <b>10</b> |
| Nairobi North                           | <b>9</b>  |
| Nairobi South                           | <b>7</b>  |
| Total                                   | <b>52</b> |

**Source Equity Bank Limited (2025)**

### 3.4 Sample Design

#### 3.4.1 Sample Size

A total of 9 participants from different levels of management and professional cadres were used in this study. They included the regional manager, branch manager, operations manager, marketing manager at the branch level, credit and risk manager, relationship manager, back-office personnel, cashiers or tellers, and the clearing officer, totaling 102 participants. Li (2024) describes a sample as a cluster of groups, items, or individuals chosen from a larger population to represent an entire population. Given that studying an entire population is impractical because of cost, logistical, and time constraints, a sample enables the researcher to make conclusive inferences representing an entire population (Tiony, 2023). The different levels of management and the professional cadres of the nine participants are indicated in Table 3.2 below.

*Table 2: Sample Size (Unit of Analysis)*

| <b>Levels of Management</b>    | <b>Professional Cadres</b>            |
|--------------------------------|---------------------------------------|
| <b>Top-level Management</b>    | Regional Manager                      |
|                                | Branch Manager                        |
|                                | Operations Manager                    |
| <b>Middle-Level Management</b> | Marketing Manager at the Branch Level |
|                                | Credit and Risk Manager               |
|                                | Relationship Manager                  |
| <b>Low-level Management</b>    | Cashier/Tellers                       |
|                                | Back-office Personnel                 |
|                                | Clearing Officer                      |

Source: Researcher (2025)

#### 3.4.2 Sampling Technique

Participants were chosen through a stratified sampling technique based on the different levels of management. This facilitated conclusive and generalizable findings, representing the whole

population. Currently, there are 52 Equity Bank branches across Nairobi County. The study used an average of eight employees from each branch and one regional manager representing each region. From this population of 102 employees, a stratified sampling technique was used with a sampling frame of 25% to select respondents from each stratum, totaling 102 respondents. Table 3.3 illustrates the unit of observation.

**Table 3: Sample size unit of observation**

| <b>Area/Strata</b> | <b>Number of branches</b> | <b>Total Number of Staff</b> | <b>Percentage of the Sample (25%)</b> | <b>Sample</b> |
|--------------------|---------------------------|------------------------------|---------------------------------------|---------------|
| CBD                | 17                        | 127                          | 25%                                   | 32            |
| Nairobi East       | 9                         | 73                           | 25%                                   | 18            |
| Nairobi West       | 10                        | 81                           | 25%                                   | 20            |
| Nairobi North      | 9                         | 73                           | 25%                                   | 18            |
| Nairobi South      | 7                         | 57                           | 25%                                   | 14            |
| <b>TOTAL</b>       | <b>52</b>                 | <b>411</b>                   | <b>25%</b>                            | <b>102</b>    |

Source: Researcher (2025)

### **3.5. Data Collection Methods**

Data collection entails obtaining, analyzing, and measuring raw data to answer specific research questions or test hypotheses (In, 2017). Selecting the right data collection tools ensures valid and reliable results as well as ensuring ethical considerations are upheld avoiding bias.

#### **3.5.1 Data Collection Tools**

The study used a structured questionnaire incorporating closed-ended questions to derive relevant answers from the participants. This data collection tool was suitable as it was easy to administer, ensure standardization and consistency, and facilitate comparability. In addition, a structured questionnaire enhanced reliability and reduced bias since the predefined answers minimize variability that often causes ambiguous or vague responses. The questionnaire was also

grouped into different sections, with the respondent required to express their perspective using the Likert Scale of measurement.

### **3.5.2 Administration of Data Collection Instruments**

The questionnaires were distributed through the drop-and-pick approach, whereby the researcher, with the help of one individual, physically distributed the data collection tools to the right respondents. This ensured all respondents received the questionnaires promptly, giving them enough time to complete them. The researcher picked the complete questionnaires after a specific time. This method facilitated a higher response rate, increasing the prospects of accurate and comprehensive responses.

### **3.6 Testing for Validity and Reliability**

A pilot test was conducted to test the validity of the data collection. According to Teresi, Yu, Stewart, and Hays (2022), a pilot study aims to identify errors within the data collection tool that can potentially interfere with the reliability and credibility of the findings. In this study, 10 respondents who were not incorporated into the main study were randomly selected for the pilot testing.

#### **3.6.1 Validity of the Research Instrument**

Content and construct validity were used to measure the validity of the questionnaires in this study. According to Saeed and Ahmed (2023) validity entails the degree to which a research tool accurately measures or evaluates what is intended to be evaluated. Content validity determined how much the questionnaire items can be easily understood. In contrast, construct validity assessed the extent to which the Likert Scale measures are relevant and accurate to the study's variables. In this study, the construct validity was evaluated through factor analysis to determine the underlying structure of data by pinpointing hidden aspects that elaborate the relation among the variables (Sürücü, Yıkılmaz, & Maşlakçı, 2022). The study also used Kaiser-Meyer-Olkin (KMO) to identify if the study's constructs in a dataset are correlated sufficiently to identify underlying trends and patterns (Shrestha, 2021). If the KMO value is between 0.5 and 1.0, the research instruments will be considered valid, whereas if the values are below 0.5, this suggests their invalidity. In addition, Bartlett's Sphericity values were also adopted. In case the values are

greater than 0.5, it can be deduced that the variables have sufficient correlation and thus are practical for analysis (Li, 2024).

### **3.6.2 Reliability of the Research Instrument**

The reliability of the questionnaire was tested using Cronbach's alpha technique. Al-Dmour et al. (2021) state that the questionnaire is deemed suitable with acceptable internal consistency if Cronbach's alpha value is 0.7 and above. This statistical technique ensures clear questions and facilitates standardization of data collection.

### **3.7 Data Analysis Procedure**

The study used primary data obtained through questionnaires. The questionnaire captured certain demographic factors and evaluated the study's variables. The completed questionnaires underwent various stages, including data coding, tabulation, modification, and analysis. SPSS software assessed and facilitated data entry, coding, and analysis. This method was appropriate since it facilitated inferential and descriptive statistics analysis using regression and correlation models (Li, 2024). The regression model was used to indicate the coefficients and percentages of the changes in performance caused by the implementation of strategic responses, as demonstrated below.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$$

Y = Performance

X<sub>1</sub> = Information Technology

X<sub>2</sub> = Knowledge Management

X<sub>3</sub> = Marketing Capabilities

X<sub>4</sub> = Operations Adjustment

€ = Error term

### **3.8 Ethical Considerations**

Before the study began, permission from the respective university was sought as an authorization letter from the Mount Kenya University Institutional Review Board. This was followed by attaining a research license from the National Council for Research and Technology

(NACOSTI). The researcher also formally introduced themselves and elaborated on the goal of this study before data collection began. Confidentiality of the data was emphasized to the respondents before obtaining informed consent, assuring them that all information would be kept anonymous. Data was well stored and managed by restricting availability to the right personnel. Lastly, the researcher complied with other ethical conduct, including privacy rights, impartiality, and intellectual property rights.



## CHAPTER FOUR

### RESEARCH FINDINGS, ANALYSIS, AND DISCUSSION

#### 4.1 Introduction

This study sought to assess strategic responses on performance of commercial banks in Kenya, specifically focusing on Equity Bank branches in Nairobi County. Specifically, this study focused on determining the effects of information technology, knowledge management, marketing, and operational adjustment capabilities on the performance of Equity Bank branches across Nairobi County, Kenya. This chapter outlines the statistical approaches used to scrutinize the obtained data to test for the null hypothesis. Additionally, the chapter outlines the response rate, participants' demographic information, and detailed statistical techniques, including descriptive and inferential analysis.

#### 4.2 Response Rate

Shiroya (2017) defines response rate as the number of valid replies received from all participants. The study targeted 102 top, middle, and lower management respondents.

*Table 4: Response rate*

| Response     | Frequency  | Percentage   |
|--------------|------------|--------------|
| Returned     | 92         | 90.2         |
| Unreturned   | 10         | 9.8          |
| <b>Total</b> | <b>102</b> | <b>100.0</b> |

Out of a possible 102, 92 questionnaires were fully completed and returned on time, as depicted in Table 4 above. This indicates a return rate of 90.2%, which is considered above the recommended threshold of 50% or more. This corresponds with Sileyew (2019), who claimed research with a 50% or higher return rate is adequate to draw reliable and consistent inferences.

#### 4.3 Demographic Information on Respondents

This section outlines descriptive data about the participants' demographic characteristics, including gender, age, education, professional cadres, and working years at the respective branch.

### 4.3.1 Gender Composition

The study inquired about respondents' gender composition, as this data was useful in understanding the dynamics of different Equity Bank branches. Table 4.2 illustrates the gender findings.

*Table 5: Gender Results*

|               | <b>Number of participants</b> | <b>Percentage%</b> |
|---------------|-------------------------------|--------------------|
| <b>Male</b>   | 52                            | 56.5%              |
| <b>Female</b> | 40                            | 43.5%              |
| <b>Total</b>  | 92                            | 100%               |

The data obtained showed that the number of male respondents in various Equity Bank Branches was slightly more than that of female respondents. The male respondents totalled 56.5%, whereas their female counterparts accounted for 43.5%. These findings suggest a slight gender gap in the composition of different management levels in Equity Bank branches, implying that females are underrepresented. Even though there has been significant progress towards gender representation in Kenya's commercial banks, considerable gaps exist, especially in high leadership positions and pay disparity (Ochenge, 2024).

### 4.3.2 Age of Respondents

The research assessed the participants' ages to understand how age influences the understanding and integration of strategic responses in different Equity Bank branches. Figure 4.1 displays the outcomes.

| <b>Age Bracket</b> | <b>Number of Participants</b> | <b>Percentage of Participants</b> |
|--------------------|-------------------------------|-----------------------------------|
| 25-34 years        | 31                            | 33.7%                             |
| 34-44 years        | 21                            | 22.8%                             |
| 45-54 years        | 16                            | 17.4%                             |
| 55-64 years        | 13                            | 14.1%                             |
| 65 years and above | 11                            | 12%                               |

**Figure 3: Age of the Respondents**

The participants' ages indicated that the largest group was between 35 and 44 years, accounting for 33.7%, or 31 individuals. This was followed by 21 respondents aged between 25 and 34 years (22.8%). Respondents between 45 and 54 years were 16, accounting for 17.4%, whereas those aged between 55 and 64 were 13 respondents, or 14.1%. The least populated group was respondents aged 65 years and above, with 11 participants, accounting for 12%. The findings imply that the various Equity Bank branches across Nairobi County have a balanced workforce of middle-aged and older individuals. The branches have a well-represented age demographics, suggesting diversity of perspectives. Notably, it has a higher percentage of a younger workforce, which, according to Osman (2022), younger workforce contributes to novel ideas and innovation in areas like information technology and digital marketing. The lower percentage of respondents of 65 years and above suggests that the bank branches have a reduced risk of losing institutional knowledge and expertise. However, the branches still have a good number of older workers with deep experience and educational qualifications, contributing to the younger workforce's training and mentorship.

**4.3.3 Respondent’s Educational Level**

The researcher also sought to understand the distribution of respondents' educational level as denoted in Table 4.3 below.

**Table 4.3: Educational level**

| <b>Education Level Distribution</b> | <b>Participants</b> | <b>Percentage %</b> |
|-------------------------------------|---------------------|---------------------|
| Secondary level                     | 2                   | 2.2%                |
| Diploma                             | 12                  | 13.0%               |
| Bachelor's degree                   | 53                  | 57.6%               |
| Master's degree                     | 18                  | 19.6%               |
| Doctorate                           | 7                   | 7.6%                |
| <b>Total</b>                        | <b>92</b>           | <b>100%</b>         |

The majority of the respondents (57.6%) had a bachelor's degree, with 53 individuals, while 19.6% had a Master's Degree, accounting for 18 respondents. This was followed by 12 (13%) respondents with a diploma qualification and 7 individuals (7.5%) with the highest level of education, a doctorate. Additionally, individuals who had reached secondary level were only 2 (2.2%), suggesting that most respondents were well-educated. These results indicate that most Equity Bank Branches in Nairobi County workforce are well-educated, with most participants possessing a university degree. According to Malit (2024), commercial banks require educated employees to handle diverse responsibilities efficiently and diligently. Individuals with advanced education are skilled in dealing with complex financial services, implementing new technologies with ease, and providing customer service. Additionally, as Malit (2024) contend, having staff with master's and doctoral qualifications suggests a workforce well-equipped with expertise and knowledge, contributing to informed decision-making processes and problem-solving, which are crucial for the integration of strategic responses like information technology. Thus, these findings suggest that well-educated employees contribute to successfully integrating strategic responses within the banks' operations, reinforcing the benefits of hiring individuals with advanced educational qualifications to contribute to overall performance.

#### 4.3.4 Professional Cadres

*Table 4.4: Professional Cadres*

| <b>Level of Management</b> | <b>Participants</b> | <b>Percentage (%)</b> |
|----------------------------|---------------------|-----------------------|
| Top-level Management       | 8                   | 8.7%                  |
| Middle-level Management    | 63                  | 68.5%                 |
| Low-level Management       | 21                  | 22.8%                 |

The results in Table 4.4 indicate that the majority of the respondents (63 respondents), accounting for 68.5%, were from middle-level management, which consisted of marketing managers, credit and risk managers, and relationship managers at the branch level. They were followed by respondents from low-level management (21 respondents), who constituted 22.8%, including cashiers and back-office personnel. Individuals from top-level management comprised 8 participants (8.7%), including operations managers, branch managers, and a regional manager.

#### 4.3.5 Respondent's Working Experience

The researcher inquired about the respondents' years worked in their respective branches. This information is vital as it influences the perspectives and opinions on the survey items. Table 4.5 shows the findings.

*Table 4.5: Number of Working Years*

| <b>Years of work</b> | <b>Participants</b> | <b>Percentage (%)</b> |
|----------------------|---------------------|-----------------------|
| Less than 5 years    | 10                  | 10.9%                 |
| Between 6-10 years   | 59                  | 64.1%                 |
| Between 11-15 years  | 17                  | 18.5%                 |
| Over 20 years        | 6                   | 6.5%                  |

Most respondents (59 respondents) have been employed between 6 and 10 years, with a percentage of 64.1%, over half of the respondents. This was followed by individuals who have worked between 11 and 15 years (17 respondents), accounting for 18.5%. Meanwhile, those who have worked for less than five years were 10 (10.9%), and those with over 20 years working at Equity Bank were 6 (6.5%). These findings imply that Equity Bank branches retain their employees for a noteworthy period, which could suggest positive working conditions and job satisfaction. According to In (2017), employee retention increases productivity, prevents attrition, and fosters employee engagement, improving organizational performance. Nonetheless, only 10 respondents have worked for less than five years, which suggests limited recruitment and hiring processes for new staff. Gorde (2019) argues that this could pose significant challenges, such as skill gaps and reduced innovation, since fresh and younger recruits bring in new perspectives and up-to-date expertise.

#### 4.4 Pilot Testing Results

A pilot test was done before the study to test the validity of the data collection tool. To avoid bias, 10% of the participants were excluded from the main study. Based on the pilot studies, issues with the data collection tools were identified and adjusted before the main research was conducted.

##### 4.4.1 Reliability Results

Cronbach's alpha was utilized to assess the reliability of the questionnaire with the help of SPSS software version 26.0. The results are presented in Table 4.6 below.

**Table 4.6: Reliability results**

| Variable                | Number of Items | $\alpha > 0.7$ | Comment  |
|-------------------------|-----------------|----------------|----------|
| Information Technology  | 6               | 0.904          | Reliable |
| Knowledge Management    | 5               | 0.875          | Reliable |
| Marketing Capabilities  | 5               | 0.872          | Reliable |
| Operational Adjustments | 5               | 0.857          | Reliable |
| Performance             | 6               | 0.871          | Reliable |

The results in Table 4.6 show that the Cronbach’s alpha values for all the items surpassed the recommended rule of thumb of 0.7, reinforcing the reliability and internal consistency of the research tool. The first variable, information technology, scored the highest Cronbach’s alpha coefficient of 0.904, knowledge management at 0.875, marketing capabilities scored 0.872, operational adjustments recorded 0.857, whereas performance yielded 0.871. These findings suggest that each construct achieved a high internal consistency level, indicating reliability in assessing the respondents’ perspectives. The values affirm the findings by Creswell (2021), who asserted that reliability values over 0.8 have a greater reliability, meaning that the set of items is closely related as a group. In this study, all constructs showed good reliability, aligning with the recommended threshold of alpha values of 0.7, affirming that the questionnaire items consistently guide the intended questions for the study.

#### 4.4.2 Validity Test

To further test the credibility of the research items, the study evaluated the validity of the research tool. The questionnaires were assessed using content validity through consultations with the supervisor, whose evaluation and feedback were extensively incorporated. This ensured the questionnaire items were aligned and understandable to the study objectives. Additionally, construct validity was assessed using KMO. Using a threshold of 0.5, the KMO test was done to test the suitability of the data using factor analysis to confirm that all the variables had adequate interrelations. This verification would allow for further statistical testing, such as descriptive and inferential statistics. The outcomes are presented below in Table 4.7.

*Table 4.7: Validity results*

| <b>Variable</b>         | <b>KMO</b> | <b>P-Value</b> |
|-------------------------|------------|----------------|
| Information Technology  | .821       | .000           |
| Knowledge Management    | .895       | .000           |
| Marketing Capabilities  | .874       | .000           |
| Operational Adjustments | .826       | .000           |
| Performance             | .831       | .000           |

The validity results in Table 4.7 above suggest that the Kaiser-Meyer-Olkin (KMO) values for the study's variables, information technology, knowledge management, marketing capabilities, operational adjustment, and performance exceeded the minimum KMO rule of thumb of 0.5. This confirmed that the variables are adequately correlated, suggesting that they share some common factors that this study sought to determine. In particular, knowledge management recorded the highest KMO value at 0.895, followed by marketing capabilities at 0.874, performance at 0.831, operational adjustments at 0.826, and lastly, information technology at 0.821. These results confirm that the data were relevant for factor analysis and that the variables had a high proportion of variance. According to Shrestha (2021), KMO values greater than 0.5 suggest that the data collected has meaningful patterns, indicating that the factor analysis will likely yield interpretable and reliable factors.

The Bartlett's Test of Sphericity was also done with the results showing that all variables were significant with a p-value of 0.00 ( $p=0.000$ , at  $p < .05$ ). This suggested that the correlation matrix was significantly different from identity matrix meaning that the variables adequately correlate justifying factor analysis (Hadi, Abdullah, & Sentosa, 2016).

#### 4.5 Descriptive Analysis

This part outlines descriptive analysis results for the study's variables, including information technology, knowledge management, marketing capabilities, operational adjustments, and performance.

##### 4.5.1 Information Technology

The respondents were instructed to rate their level of agreement or disagreement on statements related to information technology as shown in Table 4.8 below.

*Table 4.8: Descriptive Statistics on Information Technology*

| Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree | Mean | Standard Deviation |
|-------------------|----------|---------|-------|----------------|------|--------------------|
|-------------------|----------|---------|-------|----------------|------|--------------------|

|   |      |       |       |       |       |      |      |
|---|------|-------|-------|-------|-------|------|------|
| My branch has a well-established information technology system that streamlines operations.                                       | 5.4% | 4.3%  | 15.2% | 27.2% | 47.8% | 4.08 | 1.14 |
| My bank relies heavily on the IT infrastructure to enhance its strategic business decisions.                                      | 5.4% | 8.7%  | 15.2% | 20.7% | 48.9% | 4.02 | 1.24 |
| Information technology is extensively used in monitoring, evaluating, and disseminating information externally and internally.    | 5.4% | 3.3%  | 17.4% | 19.6% | 54.3% | 4.14 | 1.15 |
| My branch's robust IT infrastructure implementation has improved effectiveness and efficiency.                                    | 4.3% | 14.1% | 20.7% | 21.7% | 39.1% | 3.77 | 1.23 |
| The bank has integrated information technology systems like mobile banking and other automated services to streamline operations. | 4.3% | 7.6%  | 12.0% | 23.9% | 52.2% | 4.12 | 1.16 |

|   |      |      |       |       |       |      |      |
|---|------|------|-------|-------|-------|------|------|
| IT human resources has been incorporated best in managing operations. | 5.4% | 4.3% | 17.4% | 20.7% | 52.2% | 4.10 | 1.17 |
|---|------|------|-------|-------|-------|------|------|

According to the findings in Table 4.8 on the adoption and usage of information technology in Equity Bank branches within Nairobi County, Kenya, most respondents (75%) agreed that their branches had a well-established information technology system that streamlined their operations. With a mean of 4.08, the findings indicated a higher agreement level between respondents on using information technologies to streamline bank operations. This high level of agreement suggested that the staff has high confidence in the bank's IT systems, like internal databases or customer service tools, considering them highly reliable and efficient in streamlining their mundane operations. The item recorded a standard deviation of 1.14, suggesting some variability in the replies. This means that not every respondent answered the same, but most replies were within the average.

69.6% agreed that the bank relied heavily on the IT infrastructure to enhance its strategic business decisions (mean=4.02, S.D=1.24). This high level of agreement implied that the employees perceive IT infrastructure as a critical decision maker, not just a supporting tool in enhancing the bank's performance and sustainability. The high standard deviation score also suggests that the responses were moderately spread, meaning that even though most participants viewed IT infrastructure as a strategic decision-making tool, some had different opinions. This could be due to differences in duties and responsibilities requiring IT infrastructure or a lack of familiarity with the bank's decision-making processes.

On the other hand, most respondents (73.9%) conceded that information technology was extensively used in monitoring, evaluating, and disseminating information externally and internally, scoring one of the highest means of 4.14 and 1.15 for S.D. The high mean score symbolizes a broad consensus among respondents that IT tools are extensively used as key performance indicators to track and monitor the bank's functions and communicate to stakeholders within and outside the bank premises. The findings corroborate those of Osman (2022), who emphasized the role of IT infrastructure in facilitating real-time data collection and broader

communication of insights across bank branches. Conversely, the standard deviations suggest variation in replies. However, most respondents shared similar positive opinions on utilizing IT for information exchange and monitoring the banks' operations.

60.8% also agreed that their branches' robust IT infrastructure implementation has improved effectiveness and efficiency, increasing their overall performance (mean 3.77). This suggests a positive perception of IT infrastructure's contribution in minimizing redundancies and improving higher productivity and quality of work within the branches, echoing the findings of Kinyua, Muathe, and Kilika (2015). The standard deviation score (1.23) suggests a high variation in responses. This could be due to the different implementation levels and types of IT infrastructure used across the branches or the differences in impacts depending on the respondents' roles.

The findings denoted that most respondents (76.1%) agreed that the bank had integrated information technology systems like mobile banking and other automated services to streamline operations, with 4.12 as the mean and 1.16 for S.D. The high mean suggests a high level of confidence and positive perception among the employees of the bank's efforts towards digital transformation to increase access for a broader population.

Lastly, 72.9% agreed that IT human resources had been best incorporated into managing operations in their branches (mean=4.10, S.D=1.17). This depicts a moderate response spread, implying that some respondents felt differently regarding this item which could be attributed to factors such as the branch size or different levels of IT training, usage, or adoption.

#### 4.5.2 Knowledge Management

The respondents were instructed to rate their level of agreement or disagreement on statements related to information technology as shown in Table 4.9 below.

**Table 4.9: Descriptive statistics on knowledge management**

|   | <b>Strongly Disagree</b> | <b>Disagree</b> | <b>Neutral</b> | <b>Agree</b> | <b>Strongly Agree</b> | <b>Mean</b> | <b>Standard Deviation</b> |
|---|--------------------------|-----------------|----------------|--------------|-----------------------|-------------|---------------------------|
| The bank structure encourages the creation of knowledge for better performance. | 3.3%                     | 9.8%            | 30.4%          | 26.1%        | 30.4%                 | 3.71        | 1.10                      |

|   |       |       |       |       |       |      |      |
|---|-------|-------|-------|-------|-------|------|------|
| The bank emphasizes collaboration and teamwork to share and transfer knowledge across different departments within the branch | 2.2%  | 7.7%  | 36.3% | 26.4% | 27.5% | 3.69 | 1.03 |
| My bank benchmarks competitors to obtain new knowledge  | 38.0% | 27.2% | 12.0% | 13.0% | 9.8%  | 2.29 | 1.35 |
| The bank regularly invites technical experts to educate and share new knowledge with the staff                                | 3.3%  | 7.6%  | 28.3% | 31.5% | 29.3% | 3.76 | 1.06 |
| Employees are encouraged to brainstorm together to create new knowledge   | 6.5%  | 7.6%  | 26.1% | 38.0% | 21.7% | 3.61 | 1.11 |

Based on the findings, slightly more than half of the participants (56.5%) agreed that the bank structure encouraged the creation of knowledge for better performance, recording a mean of 3.71 and 1.10. Even though over half of the respondents agreed to this item, 30.4% were neutral or undecided, recognizing that there is still room for improvement. The standard deviation score reinforces the differences in perceptions, which could be due to different leadership styles of varying access to learning resources within the branches. Nonetheless, the majority of the respondents believed that banks have a supportive organizational culture that supports information sharing, innovation, and learning. Similarly, slightly over half the respondents (53.9%) agreed that the bank emphasizes collaboration and teamwork to share and transfer knowledge across different departments within the branch, registering 3.69 and 1.03. This signifies a moderate consensus, indicating that Equity Bank branches within Nairobi County, Kenya, have made strides in promoting interdepartmental collaboration. However, this has not been fully embedded across all branches, highlighting room for improvement. As Goyal (2022) indicated, although cooperation between employees from different management levels exists, there are likely barriers impeding teamwork and knowledge sharing among the departments, negatively impacting their performance. The standard deviation also highlights these differences, given that there was no

uniformity in responses, possibly due to different communication cultures or leadership styles across the branches.

On the contrary, 65.2% of the respondents disagreed that the bank benchmarks from competitors to obtain new knowledge to improve their performance (mean=2.29, S.D=1.35). Two-thirds of the respondents indicated that their branches barely engage in learning new practices from rival commercial banks, which could pose a significant barrier towards innovation, essential for overall performance. The moderate mean indicates that more respondents leaned towards disagreement with the item, which implies that most respondents may not see the bank's efforts towards benchmarking with other banks. Nonetheless, the high standard deviation score suggests that even though the majority disagreed, the respondents had other differing opinions on the same, with some agreeing or undecided.

The findings denoted that most respondents (60.8%) agreed that the bank regularly invites technical experts to educate and share new knowledge with the staff (mean=3.76, S.D. = 1.06). The high mean score suggests a strong agreement that respondents recognize the bank's efforts in knowledge acquisition and diffusion from high-skilled personnel or external sources. Given that commercial banks are one of the fast-evolving industries, knowledge acquisition is one of the best tools to equip employees, ensuring they remain skilled and informed, enhancing performance (Ibojo & Mobolade, 2023). Additionally, these findings reflect the Equity Bank's commitment to employee continuous learning and professional development in areas that require specific skills and expertise, such as FinTech or Information Technology. However, the moderate standard deviation score suggests inconsistency among respondents, which could be attributed to some branches receiving fewer training and engagements with experts.

The findings indicated that 59.7% of the participants agreed that the bank often encourages employees to brainstorm to create new knowledge (mean=3.61, S.D=1.11). Even though most respondents acknowledged the banks' efforts in encouraging staff to generate ideas and solve problems independently, the mean score is one of the lowest averages, suggesting that more should be done. This could imply that some branches encourage collaborative idea sharing or problem solving; however, many fail to provide platforms for collaborative thinking and free expression of ideas or solutions. This explains the relatively high variation in responses with the standard deviation value.

### 4.5.3 Marketing Capabilities

The respondents were instructed to rate their level of agreement or disagreement on statements related to information technology as shown in Table 4.10 below.

**Table 4.10: Descriptive statistics on marketing capabilities**

|  | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree | Mean | Standard Deviation |
|--|-------------------|----------|---------|-------|----------------|------|--------------------|
| The branch has fiscal provisions that are based on the unique customer needs.                      | 4.3%              | 8.7%     | 26.1%   | 27.2% | 33.7%          | 3.77 | 1.14               |
| Our branch invests in regular promotional and advertising campaigns to promote brand awareness     | 7.7%              | 6.6%     | 22.0%   | 25.3% | 38.5%          | 3.80 | 1.24               |
| The bank provides attractive promotional offers, discounts, and bonuses to attract new markets     | 4.4%              | 4.4%     | 27.5%   | 26.4% | 37.4%          | 3.88 | 1.10               |
| My branch has personalized offers and loyalty programs for existing customers                      | 4.4%              | 1.1%     | 15.4%   | 45.1% | 34.1%          | 4.03 | 0.97               |
| The bank consistently introduces new fiscal products and services to meet the dynamic market needs | 4.4%              | 2.2%     | 22.0%   | 27.5% | 44.0%          | 4.04 | 1.07               |

Based on the findings from Table 4.10 above, most respondents (60.9%) agreed that the branch provides fiscal provisions based on the unique customer needs, improving performance (mean=3.77, SD=1.14). The high consensus rate indicates a positive perception of the provision of financial services like loans and credit facilities and other incentives to meet customers' needs. This is likely to enhance customer loyalty and therefore result in better performance. The variation

in responses may suggest that there might be differences in respondents' experiences across the branches regarding how adequately fiscal provisions were delivered based on the clients' needs.

63.8% agreed that their branches invested in regular promotional and advertising campaigns to promote brand awareness, increasing organizational performance (mean=3.80, SD=1.24). These efforts could include community outreach or social media advertising, which is rampant with the advent of new technologies. However, this was an average score since 22.0% were undecided, indicating high response variations. This highlights differences in how the branches integrate advertising and promotional strategies.

The results also indicate that 63.8% agreed that the bank provides attractive promotional offers, discounts, and bonuses to attract new markets and improve its performance (mean=3.38, SD=1.10), which suggests that some respondents leaned towards disagreement or neutrality. Despite a positive perception and agreement of the bank's provision of attractive offers, discounts, and bonuses to secure new clients, many respondents felt that these efforts were inconsistent and ineffective. This could be attributed to ineffective marketing campaigns and inadequate marketing strategies targeting underserved populations.

The results also denote that 79.2% agreed that their respective branches provided personalized offers and loyalty programs for existing customers, ultimately enhancing customer satisfaction and performance (mean=4.03, SD= 0.97), indicating a high agreement level among participants and slight differences in responses. These results align with those of Ochieng (2024), who argues that providing personalized loyalty programs or offers in banks makes consumers feel understood and valued, encourages repeat purchases or word of mouth marketing, and increases banks' performance.

71.5% agreed that the bank consistently introduces new fiscal products and services to meet dynamic market needs (mean=4.04, SD=1.07). This item received the highest mean rating, suggesting a strong consensus among participants. It implies that the bank has consistently responded to emerging marketing trends to suit the financial needs of consumers. This may include launching new financial products like loans, savings, or investment alternatives.

#### 4.5.4 Operational Adjustments

The respondents were instructed to rate their level of agreement or disagreement on statements related to information technology as shown in Table 4.11 below.

**Table 4.11: Descriptive statistics on operational adjustments**

| Items   | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree | Mean | Standard Deviation |
|---|-------------------|----------|---------|-------|----------------|------|--------------------|
| The bank has flexible systems to respond to unprecedented disruptions                           | 1.1%              | 6.5%     | 8.7%    | 37.0% | 46.7%          | 4.22 | 0.94               |
| The bank encourages innovation and creativity in routine operational tasks                      | 3.3%              | 9.8%     | 8.7%    | 37.0% | 41.3%          | 4.03 | 1.09               |
| The bank regularly reviews and updates operational procedures to reflect changing market trends | 26.1%             | 34.8%    | 18.5%   | 10.9% | 9.8%           | 2.43 | 1.26               |
| The bank uses strategic outsourcing when resources or expertise are unavailable internally      | 3.3%              | 15.2%    | 10.9%   | 37.0% | 33.7%          | 3.83 | 1.15               |
| The bank has regular performance evaluation systems to ensure workforce reskilling              | 4.3%              | 8.7%     | 7.6%    | 54.3% | 25.0%          | 3.87 | 1.03               |

Results from Table 4.11 above show that 83.7% agreed that the bank has flexible systems to respond to unprecedented disruptions, enhancing their overall performance (mean=4.22, SD=0.94). Many agreed that flexible systems adopted by the different branches play a vital role in dealing with imminent issues. The high mean indicates that most respondents believe the bank branches are adequately prepared and flexible to deal with unforeseen disruptions like

technological glitches, economic downturns, among others. This is supported by the low standard deviation score, which shows a very slight variation in their replies, indicating that the bank's systems are perceived to be adaptable, contributing to their performance in uncertain environments.

Most respondents (78.3%) agreed that the bank encourages innovation and creativity in routine operational tasks, enhancing overall performance (mean=4.03, SD= 1.09). The findings indicate that respondents perceive the banks to have an organizational culture that fosters innovation and creativity in their mundane tasks, resulting in employee engagement and better performance. The high mean score reinforces the high consensus among participants. However, the relatively high standard deviation implies that some respondents disagreed or felt neutral about this, possibly due to differences in roles or leadership styles in their respective branches.

Conversely, 60.9% disagreed that the branches conducted regular reviews and updates on operational procedures to reflect the dynamic market trends (mean=2.43, S.D=1.26). The results highlight gaps in the bank's strategies to review and update operational procedures to align with the changing consumers' needs and expectations as well as the banking sector demand. These findings could be due to overreliance on outdated systems and processes or resistance to adopting new technologies within some branches. Nonetheless, the relatively high standard variation suggests differences in responses, which could be argued to indicate that some branches may be more active than others in reviewing and updating their operational procedures.

The findings also reveal that 70.7% agreed that the bank branches used strategic outsourcing when internal expertise resources were unavailable, enhancing operational adjustments (mean=3.83, SD=1.15). The high level of agreement indicates that most branches engage third parties or other experts to fill internal skills gaps, enhancing their performance. The response variation could result from budget or operational scale differences across the branches.

Lastly, 79.3% agreed that the bank has regular performance evaluation systems to ensure workforce reskilling, enhancing performance across different management levels (mean=3.87, SD=1.03). This reflects the bank's commitment to promoting continuous professional learning and development opportunities for the workforce through structured evaluation systems. By identifying the skill gaps, the bank can align staff's capabilities with job descriptions, enhancing overall performance.

#### 4.5.5 Performance of Commercial Banks

The respondents were instructed to rate their level of agreement or disagreement on statements related to information technology as shown in Table 4.12 below.

**Table 4.12: Descriptive statistics on performance**

|  | Strongly Disagree | Disagree | Neutral | Agree | Strongly Agree | Mean | Standard Deviation |
|--|-------------------|----------|---------|-------|----------------|------|--------------------|
| The branch has experienced a significant increase in membership over the past five years | 6.5%              | 13.1%    | 7.6%    | 33.7% | 39.1%          | 3.86 | 1.25               |
| The bank has improved its operational efficiency   | 4.3%              | 8.7%     | 10.9%   | 20.7% | 55.4%          | 4.14 | 1.18               |
| The bank has steady financial growth and adequate liquidity                              | 6.5%              | 4.3%     | 12.0%   | 19.6% | 57.6%          | 4.17 | 1.20               |
| The bank provides financial provisions that are considered satisfactory to the consumers | 5.4%              | 7.6%     | 14.1%   | 18.5% | 54.3%          | 4.09 | 1.22               |
| The bank's gross profits have been improving   | 4.3%              | 6.5%     | 12.0%   | 37.0% | 40.2%          | 4.02 | 1.09               |
| The bank has consistently reached its financial goals over the past five years           | 8.7%              | 9.8%     | 10.9%   | 33.7% | 37.0%          | 3.80 | 1.28               |

Findings from Table 4.12 above show that most respondents (72.8%) agreed that their respective branches have experienced a significant increase in membership over the past five years (mean=3.86). This suggests that many Equity Bank branches may have successfully implemented strategies to increase customer acquisition and retention, such as marketing strategies, competitive financial products and services, resulting in higher performance. However, the standard deviation of 1.25 is moderately high, suggesting that an increase in membership may not be uniform in all branches. Some branches may have delayed or stagnant growth in attracting or retaining members, thus the high standard deviation.

The findings show that 76.1% agreed that their respective branches have improved operational efficiency in recent years, enhancing performance. A mean of 4.14 suggests a high agreement level among respondents, even though the standard deviation is 1.18, reflecting slight differences in their responses. Many respondents highlighted remarkable improvements in operational efficiency, positively impacting the branches' performance. This could be due to automation, training, and career development opportunities, or digital banking services.

Most respondents (77.2%) agreed that the bank has had steady financial growth and adequate liquidity to support its operations (mean=4.17, S.D=1.20). The high level of the mean indicates consensus among the respondents, implying that the majority have confidence in the bank's financial ability to achieve sustainable growth and performance. Despite the general positive perception, there are slight differences in the replies, suggesting different experiences in financial outcomes or expectations across staff from different branches.

According to the results, 72.8% agreed that the bank provided financial provisions considered satisfactory to the consumers, with a high level of agreement (mean=4.09, SD=1.22). Many participants agreed that their branches offered diverse financial provisions such as loans and credit services, investment options or savings accounts, meeting diverse and changing consumers' needs. According to Ananga, Nyang'au, and Mwalili (2024), high customer satisfaction among financial institutions directly contributes to overall performance as the diverse financial provision fosters customer retention, loyalty, and reputation. Nonetheless, the relatively high differences in this opinion imply that some respondents might have felt neutral or disagreed due to a lack of access to customer feedback or branch-specific barriers.

The findings indicated that 77.2% agreed that the bank's gross profits have improved over the past five years (mean=4.02 and S.D=1.09). The high mean score indicates consensus among participants that gross profits had significantly improved. Ng'ang'a (2015) argues that an increase in commercial banks' gross profits may stem from successful revenue generation approaches, product innovation, cost control, or market expansion. An increased gross profit means that the branches have improved efficiency and effectiveness, enhancing overall performance. The variations may occur since some respondents may not be directly involved or aware of the financial oversight of the bank. Lastly, most respondents (70.7%) agreed that the bank has consistently reached its financial goals over the past five years (mean=3.80, SD=1.28). Over two-thirds of the

participants agreed that the bank achieved its financial objectives consistently, reflecting effective strategies such as strong leadership, high-skilled personnel, customer acquisition and retention, new technologies, and informed decision-making (Shrestha, 2021). Even though the majority agreed, a notable number were undecided, reflecting differences in opinions regarding this item.

#### 4.6 Inferential Statistics

This section describes the inferential statistics for all the study's variables. The study employed Pearson correlation and multiple regression analysis for the inferential statistics. All the variables were correlated using Pearson correlation to determine the magnitude of correlation between the variables.

##### 4.6.1 Correlation Analysis

The Pearson correlation model shows the connection between the predictor variables and the predicted variable. The coefficient  $r$  was determined to test whether the association between the variables was positive or negative. The findings are displayed in Table 4.13 below.

**Table 4.13: Correlation Results**

|                             |                            | Performanc<br>e | Informatio<br>n<br>technology | Knowledge<br>Managemen<br>t | Marketing<br>capabilitie<br>s | Operationa<br>l<br>adjustment<br>s |
|-----------------------------|----------------------------|-----------------|-------------------------------|-----------------------------|-------------------------------|------------------------------------|
| Performanc<br>e             | Pearson<br>Correlatio<br>n | 1.000           | .820**                        | .587*                       | .699**                        | .517**                             |
|                             | Sig. (2-tailed)            |                 | 0.000                         | 0.000                       | 0.000                         | 0.000                              |
|                             | N                          |                 | 92                            | 92                          | 92                            | 92                                 |
| Information<br>Technology   | Pearson<br>Correlation     |                 | 1.000                         | .477**                      | .593**                        | .417**                             |
|                             | Sig. (2-tailed)            |                 |                               | 0.000                       | 0.000                         | 0.000                              |
|                             | N                          |                 |                               |                             | 92                            | 92                                 |
| Knowledge<br>Managemen<br>t | Pearson<br>Correlation     |                 |                               | 1.000                       | .803**                        | .709**                             |
|                             | Sig. (2-tailed)            |                 |                               |                             | 0.000                         | 0.000                              |
|                             | N                          |                 |                               |                             |                               | 92                                 |
| Marketing                   | Pearson<br>Correlation     |                 |                               |                             | 1.000                         | .638**                             |

|                         |                     |    |    |    |       |
|-------------------------|---------------------|----|----|----|-------|
| Capabilities            | Sig. (2-tailed)     |    |    |    | 0.000 |
|                         | N                   |    |    |    | 121   |
| Operational adjustments | Pearson Correlation |    |    |    | 1.000 |
|                         | N                   | 92 | 92 | 92 | 92    |

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

According to the Pearson coefficients and p-values, the connection between information technology and performance is positive and significant ( $r = 0.802$ ,  $p < 0.05$ ) at the 5% significance level. This indicates that information technology significantly impacts Equity Bank branches' performance. These findings agree with the conclusions of prior studies, like that of Ng'ang'a (2015), who noted that information technology in commercial banks serves as a vital supporting tool to enhance decision-making, streamline operations, and improve customer service. The results also denote a statistically significant positive correlation between knowledge management and performance of the branches ( $r = 0.587$ ,  $p < 0.05$ ). This implies that effective strategies towards increasing knowledge management for both employees and consumers within banks improve overall performance. These results align with those of Njenga (2022), who highlights the benefits of financial knowledge management in guiding consumers to access the best financial products, reducing financial risks, and streamlining internal communications.

Moreover, marketing capabilities positively and significantly correlated with performance ( $r = 0.699$ ,  $p < 0.05$ ). This suggests that their performance will likely improve when banks integrate rigorous and effective marketing strategies. These results correspond to findings asserted by Gorde (2019), who emphasized the role of marketing strategies in brand building and product promotion to attract, engage, and retain clients. Furthermore, operational adjustments also demonstrated a positive and moderately significant correlation with performance ( $r = 0.517$ ,  $p < 0.05$ ). This shows that implementing operational adjustments like improving internal systems or processes, adopting novel technologies, or updating existing systems improves performance by enhancing efficiency and effectiveness, as Goyal (2022) suggested.

## 4.6.2 Regression Analysis Results

The study also conducted a multiple regression model. Table 4.14 indicates the model summary outcomes.

**Table 4.14: Model Summary**

| <b>Model</b> | <b>R</b> | <b>R Square</b> | <b>Adjusted R Square</b> | <b>Std. Error of the Estimate</b> |
|--------------|----------|-----------------|--------------------------|-----------------------------------|
| 1            | .864a    | 0.746           | 0.735                    | 0.46874                           |

a. Predictors: (Constant), Information technology, Knowledge management, Marketing capabilities, Operational adjustments.

The results in Table 4.13 show that the coefficient of determination (R-squared) is 0.746, suggesting that the strategic response practices (information technology, knowledge management, marketing capabilities, and operational adjustments) jointly account for 74.6% of the variations or differences in performance of Equity Bank branches across Nairobi County. 25.4% consists of other factors omitted from the current study that could further explain the variation in the dependent variable. Table 4.15 illustrates an analysis of the study's variance results.

**Table 4.15: ANOVA**

| <b>Model</b> |            | <b>Sum of Squares</b> | <b>Df</b> | <b>Mean Square</b> | <b>F</b> | <b>Sig.</b>       |
|--------------|------------|-----------------------|-----------|--------------------|----------|-------------------|
|              | Regression | 56.254                | 4         | 14.064             | 64.008   | .000 <sup>b</sup> |
| 1            | Residual   | 19.115                | 87        | 0.220              |          |                   |
|              | Total      | 75.370                | 91        |                    |          |                   |

a. Dependent Variable: Performance

b. Predictors: (Constant), Information technology, Knowledge management, Marketing capabilities, Operational adjustments

Based on the results, the model was statistically significant in explaining the influence of information technology, knowledge management, marketing capabilities, and operational adjustments on the performance of Equity Bank branches across Nairobi County. This can be proved by the p-value of 0.00, which is less than the significance level of 0.05 ( $p = 0.000 < 0.05$ ), implying that the combined effects of the independent variables on performance are statistically significant. The table further illustrates that the F-statistic is 64.008, confirming that the model was suitable for analyzing the data. Table 4.16 illustrates regression findings.

**Table 6: Regression of coefficients**

| Model                    | Unstandardized Coefficients |            | Standardized Coefficients<br>Beta | T     | Sig.  |
|--------------------------|-----------------------------|------------|-----------------------------------|-------|-------|
|                          | B                           | Std. Error |                                   |       |       |
| (Constant)               | 0.154                       | 0.288      |                                   | 0.534 | 0.595 |
| 1 Information technology | 0.581                       | 0.063      | 0.621                             | 9.241 | 0.000 |
| Knowledge management     | 0.036                       | 0.109      | 0.033                             | 0.334 | 0.739 |
| Marketing capabilities   | 0.274                       | 0.104      | 0.262                             | 2.633 | 0.010 |
| Operational adjustments  | 0.087                       | 0.102      | 0.066                             | 0.853 | 0.396 |

a. Dependent Variable: Performance

Regression coefficients in Table 4.15 show that information technology positively and significantly influenced the performance of Equity Bank branches across Nairobi County ( $\beta = 0.581, p = 0.000 < 0.05$ ). This was further proved by a calculated t-statistical value of 9.241, greater than the calculated t-statistical value of 1.96, confirming the model's significance. These findings imply that a unit improvement in information technology improves the bank's performance by 0.581 units. These findings align with Ananga, Nyang'au, and Mwalili's (2024) conclusions, who emphasized incorporating emerging IT infrastructure to foster the efficiency and effectiveness of commercial banks and other financial institutions.

The findings also revealed that knowledge management had a weak but positive relationship with the performance of Equity Bank branches in Nairobi County, Kenya ( $\beta = 0.036, p = 0.739 > 0.05$ ). This was reinforced by a calculated t-statistical value of 0.334, indicating no statistically significant association between knowledge management and performance of the commercial

banks. These findings agree with the conclusion of Kinyua, Muathe, and Kilika (2015), who argued that even though knowledge management in financial institutions has positive impacts on innovation, efficiency, and enhanced customer service, knowledge management has one of the least impacts on banks' performance, as other factors like adoption of novel technologies overshadow it. Besides, most commercial banks in Kenya still rely on outdated knowledge repositories, whereas some over-depend on knowledge management systems, resulting in poor performance (Njenga, 2022).

The findings further show that marketing capabilities positively and significantly influenced the performance of Equity Bank branches in Nairobi County ( $\beta = 0.274$ ,  $p = 0.010 < 0.05$ ). The t-statistical value of 2.633 surpassed the value of 1.96, corroborating the significance. The findings imply that a unit increase in marketing capabilities causes a 0.274 unit improvement in performance. The findings corroborate those of Ng'ang'a (2015), who asserted that effective marketing approaches foster performance by attracting, engaging, and retaining consumers, promoting customer loyalty and retention.

Finally, the findings also illustrated a weak but positive relationship between operational adjustments and performance of Equity Bank branches in Nairobi County, Kenya ( $\beta = 0.087$ ,  $p = 0.396 > 0.05$ ). The greater p-value indicates that the data failed to provide strong evidence that operational adjustments have a notable influence on the commercial banks' performance, even though they slightly influence their performance. This was further supported by a calculated t-statistical value of 0.853, which is lower than the 1.96 t-statistic for this study. These findings echo those of Daahir (2020), who stated that although operational adjustments may lead to improvements, some processes have a negligible impact on the bank's performance, especially if they fail to align with the specific bank's goals.

#### **4.7 Overall Regression Analysis**

**H01: There is no significant influence of information technology on performance of Equity Bank branches in Nairobi County, Kenya.**

The null hypothesis was rejected for the first hypothesis, accepting the alternative hypothesis. Based on the analysis, there was a significant influence of information technology on performance of commercial banks in Kenya, as the coefficient was  $0.000 > 0.05$ .

**H02: Knowledge management has no significant effect on the performance of Equity Bank branches in Nairobi County, Kenya.**

The study failed to reject the null hypothesis as knowledge management had no significant influence on performance of commercial banks in Kenya, Equity Bank Branches in Nairobi County. This is because the p-value exceeded the recommended significance level ( $p = 0.739 > 0.05$ ), indicating that it is not statistically significant.

**H03: Marketing capabilities have no significant influence on the performance of Equity Bank branches in Nairobi County, Kenya.**

The results rejected the null hypothesis, accepting the alternative hypothesis since marketing capabilities was found to have a significant influence on the performance of Equity Bank branches in Nairobi County with a coefficient value of ( $p = 0.010 < 0.05$ ), which is less than the recommended significance level.

**H04: Operational adjustment has no significant effect on the performance of Equity Bank branches in Nairobi County, Kenya.**

The findings failed to reject the null hypothesis since operational adjustment has no significant influence on performance of Equity Bank branches in Nairobi County, Kenya. With a coefficient value of ( $p = 0.396 > 0.05$ ), the results show that operational adjustment is not statistically significant as the coefficient exceeds the significance level of 0.05.



## **CHAPTER FIVE**

### **DISCUSSION OF FINDINGS, CONCLUSION, AND RECOMMENDATIONS**

#### **5.1 Introduction**

This section thoroughly discusses the study's findings, conclusions, and recommendations, which are guided by the research objectives.

## **5.2 Summary of the Findings**

The study's objectives focused on determining the influence of information technology, knowledge management, marketing capabilities, and operational adjustments on performance of Equity Bank branches. The study incorporated a sample size of 92 respondents from top, middle, and lower levels of management. The questionnaire was first tested for reliability and validity, and data were analyzed through descriptive, inferential statistics, and a multiple regression model via SPSS.

### **5.2.1 Information Technology and Performance**

The study's first objective was to determine the influence of information technology on the performance of commercial banks, particularly Equity Bank branches across Nairobi County, Kenya. This high level of agreement on IT's role in streamlining operations suggested that the staff had high confidence in the bank's IT systems, such as internal databases or customer service tools. This corresponds with findings by Ananga, Nyang'au, and Mwalili (2024), who acknowledged the role of integrating information technology in financial institutions to enhance efficiency by enabling faster customer service, minimizing manual processes, and improving accuracy in financial transactions.

Most respondents also agreed that the bank has made significant strides in embracing digital services like automated systems, such as digital transaction processes, mobile banking, and online self-service portals to support their customers' needs. However, although most respondents had a positive perception, the standard deviation indicates moderate response variation.

The majority agreed that the banks regularly use IT infrastructure to track and monitor their operations and communicate with internal and external stakeholders, facilitating real-time and accurate information sharing. The high mean score symbolizes a broad consensus among respondents that IT tools are extensively used as key performance indicators to track and monitor the bank's functions and communicate to stakeholders within and outside the bank premises. The findings corroborate those of Osman (2022), who emphasized the role of IT infrastructure in facilitating real-time data collection and broader communication of insights across bank branches.

Most respondents positively recognized the role of IT human resources in day-to-day activities, agreeing that they play a human resource role that includes system administration, decision-

making, and data management. This aligns with conclusions by Kuria and Muturi (2018), who accentuated the human resource role of IT infrastructure in financial institutions in overseeing digital service support and system administration, enhancing overall performance.

Correlation analysis on the first variable highlighted a strong positive and significant relationship with a score of ( $r = 0.802$ ,  $p < 0.05$ ). Regression analysis also reinforced this association ( $\beta = 0.581$ ,  $p = 0.000 < 0.05$ ), indicating that improvements in information technology within commercial banks improve their overall performance. This aligns with the conclusions of a study by Shiroya (2017), who discusses the benefits of integrating novel IT infrastructure to increase efficiency and effectiveness in Kenya Commercial Bank's operations.

### **5.2.2 Knowledge Management and Performance**

Regarding the influence of knowledge management on the performance of Equity Bank branches, results showed that slightly more than half of the participants agreed that the bank structure is designed to encourage knowledge creation. At the same time, a group of them recorded different opinions, which may be due to differences in experiences or different management styles across the branches. The findings relate to Ananga, Nyang'au, and Mwalili (2024), who stresses the benefits of allowing employees to create knowledge by themselves, fostering better decision-making skills, innovation, and operational efficiency across different departments.

The participants agreed that the banks emphasize collaboration and teamwork to share and transfer knowledge across different departments within the branch. A significant number of respondents remained undecided, indicating that although there was an average consensus on knowledge transfer and sharing, some branches may still lag in implementing platforms that allow employees from all professional cadres to interact freely and express their ideas. The findings also indicated that many respondents disagreed that the bank benchmarks from competitors to obtain new knowledge to improve their performance (mean=2.29, S.D=1.35). Despite the variations in responses, most respondents agreed that the bank barely benchmarks effectively from their competitors to compare their systems and processes for better performance.

Most participants agreed that the bank regularly invites technical experts to educate and share new knowledge with the staff, recognizing the bank's efforts to promote continuous learning, training, and career development by inviting technical experts to share skills and new knowledge. Most respondents also indicated that the bank often encourages employees to brainstorm to create new

knowledge, suggesting a positive organizational culture towards knowledge acquisition and sharing, key attributes towards improved performance.

The correlational analysis indicates a statistically significant positive correlation between knowledge management and performance of the branches ( $r = 0.587$ ,  $p < 0.05$ ). This means that when knowledge management within the bank increases, the performance also increases. However, the regression analysis findings showed that knowledge management had a weak but positive relationship with the performance of Equity Bank branches in Nairobi County, Kenya ( $\beta = 0.036$ ,  $p = 0.739 > 0.05$ ).

### **5.2.3 Marketing Capabilities and Performance**

According to the descriptive statistics, most respondents agreed that the branch provided fiscal provisions based on the unique customer needs, improving performance. These results were similar to a study exploring the effects of marketing strategies on the performance of Equity Bank in Kenya by Nguru et al. (2016), who highlighted the benefits of customer relationship management and digital marketing strategies in improving performance.

Regarding the second statement, most respondents agreed that the banks invested in regular promotional and advertising campaigns to promote brand awareness. The item recorded a mean of 3.80 and a standard deviation of 1.24, highlighting a high consensus level among respondents and at the same time, variations in differences, which could be due to different experiences.

The results further indicated that 63.8% agreed that the bank provided attractive promotional offers, discounts, and bonuses to attract new markets, improving their performance. This implies that nearly two-thirds of the respondents have a strong positive perception of the banks' efforts to provide discounts, bonuses, and offers to attract new markets. However, variations in their answers suggest that some respondents perceive these efforts to be ineffective, which prompts for more rigorous marketing campaigns and strategies (Nguru, Ombui, & Iravo, 2016). Furthermore, 79.2% agreed that their respective branches provided personalized offers and loyalty programs for existing customers, enhancing customer satisfaction and performance. This means that most branches focus on retaining clients rather than attracting new ones as observed from the previous statement. Junttila, Perttunen, and Raatikainen, J. (2021) suggest implementing marketing strategies that caters to both prospective and old audiences is imperative as it ensures long-term viability and performance. The last item showed that 71.5% agreed that the bank consistently

introduced new fiscal products and services to meet the dynamic market needs. This demonstrates the bank's efforts for continuous development and innovation practices, catering to the consumers' changing and diverse financial needs.

According to the correlation findings, marketing capabilities demonstrated a positive and significant correlation with project performance ( $r = 0.699$ ,  $p < 0.05$ ). This suggests that their performance will likely improve when banks integrate rigorous and effective marketing strategies. On the other hand, the regression analysis results indicate that marketing capabilities positively and significantly influenced the performance of Equity Bank branches in Nairobi County ( $\beta = 0.274$ ,  $p = 0.010 < 0.05$ ).

#### **5.2.4 Operational Adjustments and Performance**

Regarding the first item on operational adjustments, most respondents agreed that the bank has flexible systems to respond to unprecedented disruptions, enhancing their overall performance. This suggests that the branches had flexible systems to deal with unpredictable situations such as economic downturns. Similarly, most respondents agreed that the bank encouraged innovation and creativity in routine operational tasks. This corresponds to a study's conclusions that financial institutions that encourage innovation and creativity within mundane tasks have improved performance due to diverse perspectives, skills, and opinions, enhancing informed decision-making (Barney & Hesterly, 2019).

However, some respondents disagreed that the branches regularly reviewed and updated operational procedures to reflect the dynamic market trends (mean=2.43, S.D=1.26). On the other hand, the results also indicate that 70.7% agreed that the bank branches used strategic outsourcing when internal expertise resources were unavailable, enhancing performance. These results align with those of Gambal, Asatian, and Kotlarsky (2022), who indicate that strategic outsourcing increases access to specialized skills and emerging technologies that enable financial institutions to streamline operations, access innovation, and improve performance. The descriptive results also show that most respondents agreed that the bank has regular performance evaluation systems to ensure workforce reskilling, enhancing performance across different management levels.

According to the correlation results, operational adjustments had a positive and significant correlation with commercial banks' performance ( $r = 0.517$ ,  $p < 0.05$ ). According to Goyal (2022), these findings show that implementing operational adjustments improves performance by

enhancing efficiency and effectiveness. The regression analysis results illustrated a weak but positive relationship between operational adjustments and performance of Equity Bank branches in Nairobi County, Kenya ( $\beta = 0.087$ ,  $p = 0.396 > 0.05$ ). The greater p-value indicates that the data failed to provide strong evidence that operational adjustments slightly influence commercial banks' performance.

### **5.3 Conclusions**

The study found that information technology was statistically significant and positively correlated with the performance of Equity Bank branches in Nairobi County, Kenya Equity Bank branches in Nairobi County by 0.581 units. Additionally, the results indicated that most respondents believed that their respective branches had incorporated IT infrastructure to streamline their operations, take up human resource roles, monitor and evaluate all activities, and adoption of automated systems, such as digital transaction processes, mobile banking, and online self-service portals to support their customers' needs. However, based on the variations in responses for most items on information technology, some respondents were skeptical about adopting digital services, maybe due to unmet needs or negative user experiences. On the other hand, some indicated that their branches had limited adoption of IT systems, which may be the case for branches in underserved or remote areas with limited ease of use and different service quality levels compared to those from urban areas (Tiony, 2023).

Regarding the influence of knowledge management on the performance of Equity Bank branches, the result was not statistically significant since the p-value is much greater than 0.05. This implies that even though knowledge management correlates with performance, it does not significantly predict the performance of Equity Bank branches. The results further concluded that many respondents disagreed that the bank benchmarks from competitors to obtain new knowledge to improve their performance. According to Gorde (2019), some financial institutions fail to benchmark due to cultural resistance, where employees or management are reluctant to change, resource constraints, complacency, or overconfidence, negatively influencing their performance. This creates room for further improvement, encouraging the branches to benchmark from other financial institutions to compare their practices and identify areas of improvement. Nonetheless, the findings stressed the bank's significant efforts to provide training and development opportunities and establish a supportive work environment, enhancing performance.

The findings concluded that marketing capabilities have a strategically significant positive influence on performance of Equity Bank branches in Nairobi County, Kenya. This means that an improvement in marketing capabilities improves the performance of the branches by 0.274 units. Most respondents acknowledged the banks' efforts in providing a new and broad array of fiscal products and services, personalized financial offers and discounts, and holding regular advertising and promotional campaigns to attract and retain their consumers. These strategies improve Equity Bank's overall performance since it has made efforts to integrate digital marketing techniques and social media platforms as its primary strategy to gain a competitive edge in the banking sector (Junttila, Perttunen, & Raatikainen, 2021).

Based on the correlation results, operational adjustments had a positive and moderately significant correlation with Equity Bank branches' performance. The regression analysis outcomes indicate a weak but positive relationship between operational adjustments and performance of Equity Bank branches in Nairobi County. This implies that there was no strong evidence illustrating that operational adjustments directly and strongly influence the performance of commercial banks. Nonetheless, most respondents noted that their banks had made significant efforts to incorporate flexible systems to deal with unexpected situations, strategic outsourcing to increase access to specialized technologies and skills, and regular workforce reskilling. However, a significant number indicated that the bank rarely conducted regular updates and reviews on operational procedures, which points out room for further improvement.

#### **5.4 Recommendations**

One of the recommendations is that commercial banks should standardize IT infrastructure across their branches, particularly in remote or underserved areas, to ensure uniformity in performance. This includes integrating similar software systems, improving internet connections, and regularly updating hardware and software. This follows the variations of responses concerning the use of IT infrastructure to streamline banks' operations from the questionnaire. According to Ananga, Nyang'au, and Mwalili (2024), commercial banks should also strengthen IT support and maintenance. This translates to hiring tech-savvy individuals and conducting regular system maintenance in all branches to prioritize under-performing branches, increasing overall performance. Incorporating these recommendations will likely optimize the effectiveness of IT systems and processes, supporting banking operations and increasing performance.

Another recommendation to improve commercial banks' performance is to implement structured benchmarking programs. Most respondents indicate that their branches rarely benchmark from similar financial institutions to compare practices or borrow novel ideas. Therefore, by establishing a structured benchmarking program, commercial banks can analyze and adopt best practices that are scalable to the banks' activities, such as customer service techniques or new technologies. Commercial banks should also establish and encourage a workplace culture of knowledge sharing, whereby the staff are encouraged to share their creative ideas and insights freely. This can be achieved by establishing knowledge-sharing platforms such as social media or online portals and organizing regular learning sessions (Barney & Hesterly, 2019). Commercial banks should also optimize training programs for the staff to encourage workforce reskilling and support continuous knowledge acquisition.

Regarding marketing capabilities, commercial banks should leverage customer information to personalize financial provisions. This enhances customer satisfaction and retention, resulting in improved performance. Even though the findings indicate the banks' efforts in optimizing digital marketing platforms, the banks should continue investing in new digital marketing tools to reach underserved populations and remote areas. For instance, marketing tools such as mobile app-based advertisements and influencer partnerships would reach more consumers.

Following that, most respondents indicated that the bank barely conducted regular reviews and updates of operational procedures. Establishing a structured schedule for periodic review and updates of operational processes is recommended. This will increase performance by ensuring that banks' operations remain aligned with the dynamic consumers' needs, expectations, and technological changes (Rita, 2023). Additionally, to track and evaluate banks' operations, the banks should integrate a continuous improvement model through frameworks like Lean or Kaizen. These frameworks will enhance banks' performance by identifying problems, proposing improvements at different levels, enabling feedback loops, and promoting continuous improvement. Implementing these strategies establishes a culture of innovation, fast responsiveness, and agility in addressing emerging issues or operational gaps, promoting overall performance.

## 5.5 Recommendations for Further Research

Future studies should explore additional aspects that could influence commercial banks' performance beyond the strategic responses in this study. This could entail assessing factors like organizational culture, workforce diversity, or leadership styles. Evaluating how these factors interact with strategic responsiveness could offer a more comprehensive overview of what drives commercial banks' performance. The variables used in the study were able to explain only 74.6% of the variation in commercial banks' performance; therefore, the study recommends further research on other strategic responses influencing commercial banks' performance.

Comparative studies with other financial institutions, like MicroFinance Banks, are also recommended. Evaluating how strategic responses influence performance in these institutions could reveal best practices and insights into strategies that significantly influence their performance. Assessing regional variations could shed light on tailored practices that are impactful in specific geographic contexts. Additionally, conducting studies from regions other than Nairobi County would be invaluable in understanding how regulatory environments or local economic conditions influence strategic responses.

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## APPENDICES

### Appendix I: Questionnaire

This form intends to gain answers on Strategic Responses to the Performance of Commercial Banks in Kenya: A Case Study of Equity Bank Branches in Nairobi for my master's thesis.

#### **SECTION I: DEMOGRAPHIC DETAILS**

##### 1. Sex

- Male [    ]
- Female [    ]

2. Tick your age bracket

- 25–34
- 35–44
- 45–54
- 55–64
- 65 and above

4. What is your highest educational level?

- Secondary [ ]
- Diploma [ ]
- Bachelor’s Degree [ ]
- Masters Degree [ ]
- Doctorate [ ]

3. What is your position within the bank?

- Top-tier management [ ]
- Middle-tier management [ ]
- Low-tier management [ ]

4. How long have you worked in the bank?

- Less than 5 years [ ]
- 6- 10 [ ]
- 11 – 15 [ ]
- Over 20 years [ ]

**SECTION II: STRATEGIC RESPONSE AND PERFORMANCE**

**SECTION A: Information Technology and Performance**

Please answer the following statements on information technology. Please indicate to mean;

**1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree**

| Statements | 1 | 2 | 3 | 4 | 5 |
|------------|---|---|---|---|---|
|------------|---|---|---|---|---|

|   |   |  |  |  |  |  |
|---|---|--|--|--|--|--|
| 1 | My branch has a well-established information technology system that streamlines operations.                                       |  |  |  |  |  |
| 2 | My bank relies heavily on the IT infrastructure to enhance its strategic business decisions.                                      |  |  |  |  |  |
| 3 | Information technology is extensively used in monitoring, evaluating, and disseminating information externally and internally.    |  |  |  |  |  |
| 4 | My branch's robust implementation of the IT infrastructure has improved effectiveness and efficiency.                             |  |  |  |  |  |
| 5 | The bank has integrated information technology systems like mobile banking and other automated services to streamline operations. |  |  |  |  |  |
| 6 | IT human resources has been incorporated best in managing the bank's operations.  |  |  |  |  |  |

### SECTION B: Knowledge Management and Performance

Please answer the following statements on knowledge management and the performance of Equity branches in Nairobi.

|   | Statement  | 1 | 2 | 3 | 4 | 5 |
|---|--|---|---|---|---|---|
| 1 | The bank structure encourages the creation of knowledge for better performance.  |   |   |   |   |   |
| 2 | The bank emphasizes collaboration and teamwork to share and transfer knowledge across different departments within the branch. |   |   |   |   |   |
| 3 | My bank benchmarks competitors to obtain knowledge.  |   |   |   |   |   |

|   |  |  |  |  |  |  |
|---|--|--|--|--|--|--|
| 4 | The bank regularly invites technical experts to educate and share new knowledge with the staff |  |  |  |  |  |
| 5 | Employees are encouraged to brainstorm together to create new knowledge.                       |  |  |  |  |  |

### SECTION C: Marketing Capabilities and Performance

Please answer the following statements on the influence of market capabilities on the performance of Equity branches in Nairobi.

|   | Statement  | 1 | 2 | 3 | 4 | 5 |
|---|--|---|---|---|---|---|
| 1 | The branch has fiscal provisions that are based on the unique customer needs.                      |   |   |   |   |   |
| 2 | Our branch invests in regular promotional and advertising campaigns to promote brand awareness.    |   |   |   |   |   |
| 3 | The bank provides attractive promotional offers like discounts and bonuses to attract new markets. |   |   |   |   |   |
| 4 | My branch has personalized offers and loyalty programs to existing consumers.                      |   |   |   |   |   |
| 5 | The bank constantly introduced new fiscal products and services to meet the dynamic market needs.  |   |   |   |   |   |

### SECTION D: Operational Adjustments and Performance

Please complete the following statements on the influence of operational adjustments on the performance of Equity branches in Nairobi.

|  | Statement | 1 | 2 | 3 | 4 | 5 |
|--|-----------|---|---|---|---|---|
|  |           |   |   |   |   |   |

|   |  |  |  |  |  |  |
|---|--|--|--|--|--|--|
| 1 | The bank has flexible systems to respond to unprecedented disruptions.                           |  |  |  |  |  |
| 2 | The bank encourages innovation and creativity in routine operational tasks.                      |  |  |  |  |  |
| 3 | The bank regularly reviews and updates operational procedures to reflect changing market trends. |  |  |  |  |  |
| 4 | The bank uses strategic outsourcing when resources or expertise are unavailable internally.      |  |  |  |  |  |
| 5 | The bank has regular performance evaluation systems to ensure workforce reskilling.              |  |  |  |  |  |

### SECTION E: Performance


Please answer the following statements on the performance of Equity Bank branches in Nairobi.

|   | Statement   | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|---|
| 1 | The branch has experienced a significant increase in membership over the past five years. |   |   |   |   |   |
| 2 | The bank has improved its operational efficiency.   |   |   |   |   |   |
| 3 | The bank has had steady financial growth and adequate liquidity.                          |   |   |   |   |   |
| 4 | The bank provides financial provisions that are considered satisfactory to the consumers. |   |   |   |   |   |
| 5 | The bank's gross profits have been improving.   |   |   |   |   |   |

|   |   |  |  |  |  |  |
|---|---|--|--|--|--|--|
| 6 | The bank has consistently reached its financial goals over the past five years. |  |  |  |  |  |
|---|---|--|--|--|--|--|



## Appendix II: ERC Certificate



# Mount Kenya University

REF: MKU/ISERC/4905 Date: 07 April 2025  
TO: GEORGE MAGHANGA  
REG: MBA/2015/22830(Amended)

Dear Sir/Madam,

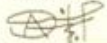
**RE: STRATEGIC RESPONSES ON PERFORMANCE OF COMMERCIAL BANKS IN KENYA: A CASE STUDY OF EQUITY BANK BRANCHES IN NAIROBI COUNTY**

This is to inform you that **Mount Kenya University** has reviewed and approved your above research proposal. Your application approval number is **3627**. The approval period is **04/04/2025 - 03/04/2026**.

This approval is subject to compliance with the following requirements:

- i. Only approved documents including informed consents, study instruments, MTA will be used
- ii. All changes including amendments, deviations and violations are submitted for review and approval by **Mount Kenya University**
- iii. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to **Mount Kenya University** within 72 hours of notification
- iv. Any changes, anticipated or otherwise that may increase the risks or affect the safety or welfare of study participants and others or affect the integrity of the research must be reported to **Mount Kenya University** within 72 hours
- v. Clearance for export of biological specimens must be obtained from relevant institutions
- vi. Submission of a request for renewal of approval at least 60 days prior to expiry of the approval period. Attach a comprehensive progress report to support the renewal
- vii. Submission of an executive summary report within 90 days upon completion of the study to **Mount Kenya University**

Prior to commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology and Innovation (NACOSTI) <https://research-portal.nacosti.go.ke> and also obtain other clearances needed.


Yours sincerely,  
  
\_\_\_\_\_  
**Dr. Alfred Owino, PhD**  
Chairman, Mount Kenya University ISERC

**MOUNT KENYA UNIVERSITY**  
**ETHICS REVIEW COMMITTEE**  
P. O. Box 342 - 01000,  
THIKA

---

Main Campus, General Kago Road, P.O. Box 342-01000 Thika.  
Tel: +254 20 287 8000, Cell: +254 709 153 000  
Email: info@mku.ac.ke, Web: www.mku.ac.ke  
Chartered and ISO 9001 : 2015 Certified

## Appendix III: Introduction Letter from MKU



# Mount Kenya University

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### DIRECTORATE OF GRADUATE STUDIES

MBA/2015/22830

4<sup>th</sup> April, 2025

*National Commission for Science Technology & Innovation (NACOSTI)  
Off Waiyaki Way, Upper Kabete,  
P.O Box 30623- 00100  
NAIROBI, KENYA*

Dear Sir/Madam,

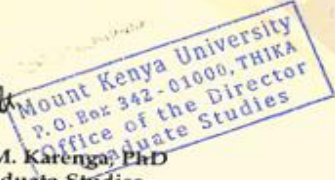

**RE: GEORGE MAGHANGA - REGISTRATION NO. MBA/2015/22830**

The purpose of this letter is to introduce the above named student who is pursuing **Master of Business Administration** in the department of **Accounting and Finance** in the school of **Business and Economics**.

The title of the research is **"Strategic Responses on Performance of Commercial Banks in Kenya. A Case Study of Equity Bank Branches in Nairobi County."** It has been cleared by the University's Ethics Review Committee (Certificate attached) and now has to proceed to the field to collect data between **April, 2025 and June, 2025**.

Any assistance accorded to the student will be highly appreciated.

Thank you.



**Dr. Samuel M. Karenga, PhD**  
**Director, Graduate Studies**  
Enc.

---

Main Campus, General Kago Road, P.O. Box 342-01000 Thika.  
Tel: +254 20 287 8000, Cell: +254 709 153 000  
Email: info@mku.ac.ke, Web: www.mku.ac.ke  
Chartered and ISO 9001 : 2015 Certified  
**Unlocking Infinite Possibilities**

Appendix IV: NACOSTI Research License

Republic of Kenya  
National Commission for Science, Technology and Innovation

Ref No: **701260**

**RESEARCH LICENSE**



**This is to Certify that Mr. GEORGE MAGHANGA MWAKISHA of Mount Kenya 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: STRATEGIC RESPONSES ON PERFORMANCE OF COMMERCIAL BANKS IN KENYA: A CASE STUDY OF EQUITY BANK BRANCHES IN NAIROBI COUNTY for the period ending : 16/April/2026.**

License No: **NACOSTI/P/25/4172661**

Applicant Identification Number: **701260**

**Director General**  
NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION

Verification QR Code



**NOTE: This is a computer generated License. To verify the authenticity of this document, Scan the QR Code using QR scanner application.**

**See overleaf for conditions**

**THE SCIENCE, TECHNOLOGY AND INNOVATION ACT, 2013 (Rev. 2014)**  
Legal Notice No. 108: The Science, Technology and Innovation (Research Licensing) Regulations, 2014


**The National Commission for Science, Technology and Innovation**, hereafter referred to as the Commission, was established under the Science, Technology and Innovation Act 2013 (Revised 2014) herein after referred to as the Act. The objective of the Commission shall be to regulate and assure quality in the science, technology and innovation sector and advise the Government in matters related thereto.

**CONDITIONS OF THE RESEARCH LICENSE**

1. The License is granted subject to provisions of the Constitution of Kenya, the Science, Technology and Innovation Act, and other relevant laws, policies and regulations. Accordingly, the licensee shall adhere to such procedures, standards, code of ethics and guidelines as may be prescribed by regulations made under the Act, or prescribed by provisions of International treaties of which Kenya is a signatory to.
2. The research and its related activities as well as outcomes shall be beneficial to the country and shall not in any way:
  - i. Endanger national security
  - ii. Adversely affect the lives of Kenyans
  - iii. Be in contravention of Kenya's international obligations including Biological Weapons Convention (BWC), Comprehensive Nuclear-Test-Ban Treaty Organization (CTBTO), Chemical, Biological, Radiological and Nuclear (CBRN).
  - iv. Result in exploitation of intellectual property rights of communities in Kenya
  - v. Adversely affect the environment
  - vi. Adversely affect the rights of communities
  - vii. Endanger public safety and national cohesion
  - viii. Plagiarize someone else's work
3. The License is valid for the proposed research, location and specified period.
4. Neither the license nor any rights thereunder are transferable.
5. The Commission reserves the right to cancel the research at any time during the research period if in the opinion of the Commission the research is not implemented in conformity with the provisions of the Act or any other written law.
6. The Licensee shall inform the relevant County Director of Education, County Commissioner and County Governor before commencement of the research.
7. Excavation, filming, movement, and collection of specimens are subject to further necessary clearance from relevant Government Agencies.
8. The License does not give authority to transfer research materials.
9. The Commission may monitor and evaluate the licensed research project for the purpose of assessing and evaluating compliance with the conditions of the License.
10. The Licensee shall submit one hard copy, and upload a soft copy of their final report (thesis) onto a platform designated by the Commission within one year of completion of the research.
11. The Commission reserves the right to modify the conditions of the License including cancellation without prior notice.
12. Research, findings and information regarding research systems shall be stored or disseminated, utilized or applied in such a manner as may be prescribed by the Commission from time to time.
13. The Licensee shall disclose to the Commission, the relevant Institutional Scientific and Ethical Review Committee, and the relevant national agencies any inventions and discoveries that are of National strategic importance.
14. The Commission shall have powers to acquire from any person the right in, or to, any scientific innovation, invention or patent of strategic importance to the country.
15. Relevant Institutional Scientific and Ethical Review Committee shall monitor and evaluate the research periodically, and make a report of its findings to the Commission for necessary action.

National Commission for Science, Technology and  
Innovation(NACOSTI),  
Off Waiyaki Way, Upper Kabete,  
P. O. Box 30623 - 00100 Nairobi, KENYA  
Telephone: 020 4007000, 0713788787, 0735404245  
E-mail: dg@nacosti.go.ke  
Website: www.nacosti.go.ke

## Appendix V: Research Authorization



# Mount Kenya University

REF: MKU/ISERC/4905 Date: 04 April 2025  
TO: GEORGE MAGHANGA REG: MBA/2013/22830

Dear Sir/Madam,


**RE: STRATEGIC RESPONSES ON PERFORMANCE OF COMMERCIAL BANKS IN KENYA: A CASE STUDY OF EQUITY BANK BRANCHES IN NAIROBI COUNTY**

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- iii. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to **Mount Kenya University** within 72 hours of notification
- iv. Any changes, anticipated or otherwise that may increase the risks or affect the safety or welfare of study participants and others or affect the integrity of the research must be reported to **Mount Kenya University** within 72 hours
- v. Clearance for export of biological specimens must be obtained from relevant institutions
- vi. Submission of a request for renewal of approval at least 60 days prior to expiry of the approval period. Attach a comprehensive progress report to support the renewal
- vii. Submission of an executive summary report within 90 days upon completion of the study to **Mount Kenya University**

Prior to commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology and Innovation (NACOSTI) <https://research-portal.nacosti.go.ke> and also obtain other clearances needed.

Yours sincerely,  
  
**Dr. Alfred Owino, PhD**  
Chairman, Mount Kenya University ISERC

MOUNT KENYA UNIVERSITY  
ETHICS REVIEW COMMITTEE  
P. O. Box 342 - 01000,  
THIKA

---

Main Campus, General Kago Road, P.O. Box 342-01000 Thika.  
Tel: +254 20 287 8000, Cell: +254 709 153 000  
Email: info@mku.ac.ke, Web: www.mku.ac.ke

MKU/PG/F011

Mount Kenya  University

SCHOOL OF POSTGRADUATE STUDIES

**MKU/PG/F011: RESEARCH PROPOSAL CERTIFICATE OF CORRECTIONS**  
(NB: This Research Proposal Certificate of corrections should be submitted to the Dean, School of Postgraduate Studies for clearance before the Student proceeds to collect data)

**PART I: CANDIDATE PARTICULARS**

Name of candidate, Dr/Mr/Ms: GEORGE MAGHANGA MWALISHA  
Registration No: MBA/2015/02830  
Department of study: MANAGEMENT  
Cell phone No: 0721357267  
School: BUSINESS AND ECONOMICS  
Degree Title (MA, MED, PhD): MBA STRATEGIC MANAGEMENT  
Area of specialization: STRATEGIC MANAGEMENT  
Title of Thesis: STRATEGIC RESPONSES ON PERFORMANCE OF COMMERCIAL BANKS IN KENYA  
A CASE STUDY OF EQUITY BANK BRANCHES  
Date of Presentation: 27.02.2025  
Signature of candidate: [Signature] Date: 20.12.2025

**PART II: DECLARATION OF SUPERVISOR(S) OVERSEEING CORRECTION / REVISION**

I/We, the undersigned supervisor(s) overseeing corrections of the research proposal as advised by the candidate's evaluation panel do hereby declare that all the corrections have been effected satisfactorily as required.

Any other remarks: Asst. on his progression

| <u>Names of Supervisors</u> | <u>Signature</u>   | <u>Date</u> |
|-----------------------------|--------------------|-------------|
| 1. Dr. George K. ...        | <i>[Signature]</i> | 13/03/2025  |
| 2. ....                     | .....              | .....       |
| 3. ....                     | .....              | .....       |

**PART III: CONFIRMATION BY THE CAMPUS/ SCHOOL POSTGRADUATE COORDINATOR**

I hereby do confirm that the supervisor(s) appointed to oversee the candidate effect the corrections on the research proposal have done so as per the instructions of the candidate's evaluation panel.

Any other remarks

.....  
 Done

Name of Coordinator: *Dr. Isaac Abonga*

Signature: *[Signature]* Date: *20/03/2025*

Stamp .....

**PART IV: CONFIRMATION BY THE DEAN OF THE RELEVANT SCHOOL**

I hereby do confirm that the supervisor(s) appointed to oversee the candidate effect the corrections on the research proposal have done so as per the instructions of the candidate's evaluation panel.

Any other remarks

.....  
 Ok

Name of Dean: *Dr. Phelista Nden*

Signature: *[Signature]* Date: *24/3/2025*

School Stamp .....

PART V: CLEARANCE BY THE UNIVERSITY ETHICAL REVIEW COMMITTEE

The candidate will be issued with a Certificate of Ethical Clearance by the Directorate of Research and Development.

PART VI: COMMENTS BY THE DEAN SCHOOL OF POSTGRADUATE STUDIES

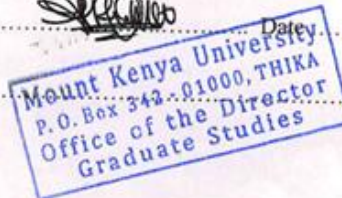
The candidate is granted/not granted permission to proceed to the field to collect data (delete where applicable)

**NB:** One (1) copy of the corrected/revised research proposal should accompany this certificate of corrections

Name of Dean A. Samuel Karega  
(School of Postgraduate Studies)

For Signature [Signature] Date 7/4/2025

School Stamp .....



STRATEGIC RESPONSES ON  
PERFORMANCE OF  
COMMERCIAL BANKS IN KENYA:  
A CASE STUDY OF EQUITY BANK  
BRANCHES IN NAIROBI  
COUNTY

*by George Maghanga*

---

**Submission date:** 15-May-2025 01:25PM (UTC+0300)

**Submission ID:** 2676505277

**File name:** FINAL\_RESEARCH\_GEORGE\_MAGHANGA.docx (291.36K)

**Word count:** 25752

**Character count:** 159818

## STRATEGIC RESPONSES ON PERFORMANCE OF COMMERCIAL BANKS IN KENYA: A CASE STUDY OF EQUITY BANK BRANCHES IN NAIROBI COUNTY

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