

**INFLUENCE OF STRATEGIC MANAGEMENT PRACTICES ON
PERFORMANCE OF BANKS IN LOWER EASTERN REGION OF KENYA:
CASE STUDY OF KCB**

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DECLARATION AND APPROVAL

I, hereby declare that this research project is my original work and has not been previously submitted at any University to obtain academic qualifications.

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Approval by the Supervisor

I confirm that the work reported in this project has been carried out by the candidate under my supervision.

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DEDICATION

This research is dedicated to my beloved family my mother, Ruth Mukimu, and my sisters, Dorcas and Gloria Mukimu for their unwavering support. Thank you.



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I owe the successful completion of this project to the exceptional support of many people. First, I would like to express my profound gratitude to my supervisors Dr. Jennifer Muriuki for her immense contribution and guidance in the development of this research project .Secondly I would like to express my gratitude to my loving mother Ruth Mukimu and my sister Dorcas Mukimu for their moral support and encouragement that have enabled me to dedicate many hours towards successful completion of this project.



ABSTRACT

The Business environment more than ever before is not only Turbulent but evolving at a very fast rate. Competition to win customers and the rapid market changes has brought about a major shift from the traditional Management practices to Strategic Management practices where the customer has become the epicenter of business in the market. In the recent past the market has witnessed mushrooming of small bank and continued growth to satisfy the changing market needs. Banks Continued to have robust growth in connectivity demand, high competition persistent cyber security challenges, and continuing innovation in product and services development to satisfy customer expectations, cost savings are among the trends facing the banking industry. The purpose of this study was to investigate the influence of Strategic Management practices on the performance of Kenya commercial bank in the eastern region of Kenya. The specific objectives this research sought to achieve were namely; to establish the influence of strategic planning, technological innovation, Employee Engagement and customer retention on performance of Kenya commercial bank in the eastern region in Kenya. The study was anchored on the upper Echelons theory, Traits Theory and Dynamic capability Theory. The study adopted a descriptive research design. The target population was made up of 106 top and middle level managers and entire staff derived from Machakos, Makens and Kitui counties in Kenya. Data collection instrument included survey questionnaires collected through a procedure called "drop and pick and call back". The collection tool was piloted to determine its validity and reliability before the actual study. The study collected both the quantitative data which was analyzed by the use of the descriptive and inferential analysis. Descriptive data was analyzed by using frequencies and percentages and presentation in APA table. Quantitative data that was obtained and examined using programs from SPSS software version 23. The study experienced a challenge of being restricted in one region and also reluctance of some of the respondents. However, choosing a large sample size addressed this challenge. The study revealed that strategic planning, technology innovation, employee engagement and customer retention had a positive significance towards influencing performance of KCB in the eastern region of Kenya. Specifically, the study established that KCB's investment in strategic management tools such as strategic planning, technology innovation, employee engagement and customer retention directly and positively impacted on the bank's strategic performance in the Lower Eastern Region.

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LIST OF ABBREVIATIONS AND ACRONYMS

CBK	:	Central Bank of Kenya
COMESA	:	Common Markets for Eastern and Southern Africa
ER	:	Exchange Rate
GDP	:	Gross Domestic Product
ICC	:	International Criminal Court
KBA	:	Kenya Bankers Association
KCB	:	Kenya Commercial Bank
NACOSTI	:	National Commission for Science, Technology and Innovation
OECD	:	Organization for Economic Co-operation and Development
ROA	:	Return on Investment
ROE	:	Return on Equity
SDG	:	Sustainable Development Goals
WEF	:	World Economic Forum

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Strategic management is firmly rooted in the principles that underlie how business organizations effectively and efficiently manage their operations to improve their performance. Business environment is rapidly changing; and organizations need to look for fresh ways to keep performing in terms of growing profits through strategic management practices. A Strategic management approach encompasses formulating, implementing, and evaluating organizational strategies (Mitra, 2021). In today's fast changing business environment, the survival of a business organization depends on its competitiveness and how it effectively manages its business operations. From this standpoint, (Kumar, 2021) mentioned that the absence of an effective and efficient strategic organizational plan because of changing business organizations can result in organizational poor performance eventually failure. Hence, the survival and optimal success of a business organization rest significantly on the ability of the business and employees to adapt and enhance its strategic management practices in general (Sulistiawan, 2022).

Strategic management practices have all along been pivotal to the performance of any given Organization. Banks included business are thriving and the fast-changing the world (Rani et al, 2019). Strategic resource planning, strategic customer focused marketing, efficient information management and technological innovation factors contribute immensely to gaining competitive advantage for the banks in any region of the world through achieving their goals and objectives (Phinah, 2020). Strategies that position businesses to compete well with their competitors in the ever changing market and customer needs. Market and customer driven strategic management practices direct business on the resources they require to attract the needed Customer (Sotel, 2022).

Strategic management brings about organizational unity in working towards the same direction. Decisions are made faster and this improves value for bank products and services thus reducing tremendously complaints. Strategic management is considered as a major ingredient for successful performance of any organization operating in the ever dynamic and complex environment of the 21st century.

Through strategic management, an organization gains clear strategic direction that enables it to maneuver through the competitive business environment. As Sotel (2022) found out, strategic management sets direction for both the organization and its personnel. As a result, strategic management activities clarify organizational mission and vision for all individuals working at the organization. By creating a clear strategic direction, strategic management enables the management of an organization to mobilize resources based on the strategic goals, mission and vision of the organization. By mobilizing resources based on the goals of the organization, the management ensures that there are minimal resource deficits during the implementation of strategic objectives of the organization. The move is necessary in aligning resource availability with the long-term objectives of the organization.

The Banking industry's business environment today is characterized as Volatile, Uncertain, Complex and Ambiguous (VUCA). In such an environment, the adoption of strategic marketing and technological innovation practices to sense and respond to market threats and opportunities with speed and surprise has become essential for survival of organizations (Agic, 2016). Therefore, changing market trends, Customer needs, and endless competition is causing both demand and supply to fluctuate more rapidly, widely, and frequently than ever before. Under this condition, firms ought to be agile and be able to sense and respond to market changes quickly and smoothly to maintain their competitiveness performance. Banks Strategic leaders should therefore be agile in order to recognize the influence of strategic marketing practices on organizational performance.

Strategic management also enhances operational improvement in an organization. This is achieved through defining a clear purpose and direction of all activities of an organization. By aligning goals, objectives and mission with the vision of the organization, strategic management ensures that every individual in the organization is focused on similar objectives. Here, activities of all individuals are measured against how effective they are towards achieving the overall goals of an organization in the long-term. In this case, reviewing the objectives of the firm through strategic management ensures that there is cohesive efforts towards achieving the goals of an organization.

By tracking successes and failures of all individuals in the organization ensures that strategic management enhances the overview of strategic objectives, their levels of achievement and possible failures. Here, strategic management enhances control of organizational activities and aims at achieving the highest degree of efficiency. In essence, strategic management ensures resource optimization as all individuals in the organization get their efforts measured against the overall goals. With this greater degree of control, it becomes easier to track any possible deviations from the strategic goals. Also, such control is necessary since it can identify resource deficits since strategic management gives the management a clear perspective of the strategic objectives and any possible resource imbalance (Mitra, 2021). Therefore, strategic management is managerial tool that enhances achievement of organizational goals through affecting how individuals in an organization work and enhancing resource capability.

1.1.1 Strategic Management Practices and Performance

The application of strategic management in business across various sectors has long been adopted in response to market demands, variations in clients' tastes, and changes in technology in Malaysian firms (Mitra, 2021). The adoption of a clear strategic perspective in organizations is one of the factors that affects the performance of these organizations. Having a good strategy is also one of the important factors that enables organizations/firms to survive and progress

(Nair et al., 2022). In India, strategic technological innovations have helped the management of organizations select the best feasible strategic alternatives (Kumar, 2021). A comprehensive analysis of a company's internal and external environment enables firms to recognize strengths, weaknesses, opportunities, and threats. Strategic marketing practices allow assessing a business's competitive advantage and outline objectives and ways to meet all present and future competitors (Mitra, 2021).

Heppelmann (2019) found that consumer preferences and demands are continuously evolving in dynamic environments like the USA. Firms continually innovate to stay ahead through strategic management practices, enabling them to gain higher profits by utilizing their unique resources. Charles (2018) indicated that to maximize shareholder value and increase performance, managers must formulate and implement strategies that enable their companies to outperform rivals, demonstrating effective strategic management practices. A company is said to have good strategic management practices over its rivals when its performance is greater than the average performance and profit growth of other companies competing for the same set of customers. Todorov (2019) revealed that the higher its performance relative to rivals.

In Indonesia, the adoption of strategic management practices offers organizations improved tools for survival, growth, and maintaining a sustainable competitive advantage (Sirrajudin, 2017). Indonesian firms that embrace strategic management practices are highly likely to achieve higher returns on assets, sales growth, higher profit margins, higher employee engagement, expansion, and growth.

Strategic management practices become more crucial in the ever-changing organizational landscape. Tseng (2017) found that the most important issue companies face is using strategic management practices that facilitate achieving long-term profits while keeping customers satisfied. Strategic management practices are considered a critical requirement for the growth and performance of organizations in Africa. Tidd (2021) specified that the capability to use

strategic management practices is ever more viewed as the single most vital factor in developing and supporting firm performance in Africa. According to Davila (2019), strategic management practices are a necessary ingredient for sustained success and are integral to African businesses' performance. Redknee (2015) specified that to support growth and performance, African firms must adopt and develop strategic management practices that enable service providers to generate higher revenue streams.

In recent years, competitive markets and business environments have been volatile, turbulent, uncertain, complex, and heterogeneous in South African companies (Mitra, 2021). Thus, firms have implemented valuable competencies, capabilities, and strategies for their business operations and activities to enhance business excellence, encourage competitive advantage, achieve firm performance, gain corporate survival, and promote organizational sustainability in these circumstances. Strategic management practices have become a key determinant of driving and explaining firms' competitiveness and profitability. Firms with greater strategic management practices tend to achieve higher firm performance and enhance organizational success in business operations. The attainment of the strategic objectives underlying strategic decisions is accomplished through the effective practice of strategic management (White et al., 2019).

Essentially, strategic management practices enhance competitive advantage in today's world of highly competitive business environment. As White et al (2019) point out, strategic management is necessary in undertaking continuous analysis of the external business environment that may threaten the success of a firm. Through such analysis, it becomes easier for a business operating in a competitive environment to quickly and effectively respond to potential threats likely to edge out its performance in the industry. Also, strategic analysis of the events in the external market ensures that a business can effectively leverage on the potential opportunities in the business environment. Through such leverage, the business relies

on strategic management to position itself in a way that it can tap into the market opportunities and achieve competitive advantage over its rivals in the market. The idea is that the business relies on strategic management to become more proactive and therefore increase its market share and profitability ahead of the competitors. By quickly responding to prevailing market conditions, an organization can strategically differentiate itself from its competitors hence achieving competitive advantage in the market.

Sustainable growth can also result from strategic management. According to Salama (2017), strategic management is an effective tool useful in continuous analysis of internal and external factors affecting business performance. In this case, the business undertakes an analysis of the social, economic, technological, cultural, environmental and competitive landscape of the market. Such an analysis is essential in mitigating risks and can enable the organization to adapt to both internal and external market changes. By combining such analysis with an improved overall decision-making process, such an organization enhances sustainable growth that responds to market changes and prevailing market conditions.

While in Egypt, Salama (2017) on developing and examining a conceptual framework relating to resource-based organizational strategic management practices and inter-organizational practices on organizational performance concluded that organizational performance in the factories in Egypt is affected by variables other than knowledge management and organizational learning. On the contrary, Ogunkoya (2019) indicated that in Nigeria, strategic management is based on the belief that an organization should continually monitor internal and external events and trends so that timely changes can be made as needed. An organization must be capable of astutely identifying and adopting relevant strategic management practices to remain competitive in the ever-changing business environment.

Commercial banks in many regions face numerous issues and challenges in growth, with high failure rates and intense competition. Currently, the banking industry is overcrowded with

many banks developing products that are highly imitable. At the same time, there is high competition in the industry where new products enter the market from time to time, leading to saturation and making the market challenging. These challenges could be dealt with effectively if banks had in place strategic management in terms of strategic planning, employee engagement, technological innovation and automation, and customer retention and loyalty. Commercial banks in Kenya face the challenges of improving competitiveness, quantity, quality, and reliability of data and technology innovation services. Strategic management has played a key role in ensuring these challenges emerge as opportunities for improving competitiveness (Weil et al., 2018). However, improving firm competitiveness is not always a guarantee of improving firm performance. This is based on the idea that competitiveness and performance may not necessarily be interdependent. Hence, this study aims to investigate the impact of strategic management practices, such as having strategic leaders, effective employee engagement, technological innovation, and customer retention, on bank performance to ascertain their significance in enhancing overall bank viability.

1.1.2 Banking Sector

The role of the banking industry and electronic banking products is increasing with each passing moment due to lower risks in addition to cost efficiency, yielding advantages for such products. Several studies have examined the effect of electronic banking products on the profitability of banks globally (Sankar, 2012). These studies have focused on the effects of electronic banking and internet banking applications on bank performance in developed countries. Electronic banking applications, which generally require advanced technology, have a significant contribution to the profitability of banks. Internet banking has been found to have a significant positive contribution to bank performance and the development of competition in the banking industry. Therefore, internet banking practices strengthen banks and contribute to their performance. However, concerning the return on equity in the banking sector, it is noted

that in the recent past, there has been a significant decrease in return on investment for banks from Germany, Italy, and Japan due to high competition for customers. This ratio was 16.75 in 2005 and decreased to 10.23 in 2015.

The banking system in Kenya is efficient and well-established, with the Central Bank being the sole regulator (CBK, 2013). Commercial banks' efficiency is greatly enhanced by technology, and as a result of technological innovation, commercial banks have witnessed an increase in their customer base. The primary classification of banks in Kenya is by ownership, with some banks belonging to local individuals and companies, while others belong to foreign individuals or organizations. Another general classification of banks is by the nature of their operations, distinguishing between microfinance banks and commercial banks based on their assets. The Central Bank of Kenya further classifies Tier 1 banks as large banks with hundreds of billions in assets, which are not likely to collapse financially (CBK, 2017). These are the top banks in Kenya. Tier 2 banks are medium-sized banks, while Tier 3 consists of small banks. According to the CBK report of 2017, the number of banks stood at 42.

However, the banking sector is essentially dominated by 7 Tier 1 commercial banks, namely Kenya Commercial Bank (KCB), Equity Bank, NCBA, Absa Bank, and a few others. Smaller banks like Family Bank have emerged and experienced tremendous growth in recent years.

Kenya Commercial Bank (KCB) is a state-owned financial services provider headquartered in Nairobi, Kenya. It is licensed to operate as a commercial bank by the CBK, which is the banking regulator. Kenya Commercial Bank boasts over 207 branches countrywide, over 400 Automated Teller Machines (ATMs), 12,724 agents, and 8,023 merchant outlets (CBK report, 2020). It has recently opened branches in the East African region and beyond. It is one of the top banks in Kenya that offers a wide range of financial products and services like savings accounts, loans, insurance, investment, debit and credit cards, among many other services.

The Kenya Commercial Bank (KCB) has dominated Kenya's banking sector for a long time. For this reason, it is imperative to examine how the bank has maneuvered through the competitive environment for long. Despite the growing competition in the banking sector, the bank has managed to remain a top tier player in the industry. Essentially, the bank has managed to maintain its market position and competitiveness over the years even when tech savvy banks come into the market. With the banking industry becoming risky every day, it is imperative to strive to understand how banks in Kenya's banking industry remain competitive in the risky business environment.

Since it might be difficult to view the banking industry in Kenya as a whole, it is important to choose a sample that represents the industry. Such a sample should be a bank that has been in the industry for long and that has made strategic decisions to meet the demands of the market. Evidently, the Kenya Commercial Bank is one of the banks that has seen various market changes and adapted to them through strategic decision-making. For this reason, this bank first effectively in the study striving to understand role of strategic management in the success of players in the Kenya's banking industry.

1.2 Statement of the Problem

The banking industry is one of the highly competitive industries in the global, regional and local markets. For this reason, banks employ different strategies aimed at ensuring performance and competitive advantage over the rivals in the industry. Strategic management of banks ensures that their performance indicators are aligned with the specific goals and objectives of the banks. The same banks ensure mobilization of savings from diverse sources and allocate savings to more productive activities that benefit investors and other beneficiaries (Gulde, 2006). An efficient banking system enables lower transaction costs and helps bring together supplies and borrowers to transact businesses at minimal or no cost. Performance measurement

systems play a key role in developing strategy and evaluating the achievement of organizational objectives hence great performance. While studies have established a direct relationship between strategy and performance, few studies have investigated the influence of Strategic Management practices on the performance of commercial banks in Kenya. In addition, the difference in financial performance of commercial banks remains to generate questions, for instance, Kenya Commercial Bank, the largest state-owned bank in Kenya and one of the oldest bank profitable companies in the East and Central Africa region.

Past empirical studies have been done in several parts of the world to relate strategic management with business performance. Seyhan et al. (2017) focused on the relationship between strategic management and competitive performance in Turkey. The findings were that information technology and dimensions of Strategic Management have a positive effect on the competitive performance of banks in that country. However, the respondents were not randomly selected, thus presenting a methodological gap. Deya (2019) studied the effect of strategic management on the competitive advantage of information technology firms in Nairobi City County, Kenya, and revealed that financial resource strategic management had a positive and significant influence on competitive advantage.

The measurement of commercial banks' performance has increased attention over the past years with changes in how banks have responded to technological changes and customer expectations in the recent past (Zhu, 2000). There have been a large number of empirical studies on commercial banks around the world (Webb, 2003). In Kenya, few studies have been done on how strategic management practices influence the performance in all commercial banks combined as well as in other businesses. Despite such studies, however, there is no known study that has specifically focused on how strategic management practices influence the performance of Kenya Commercial Bank, particularly in the lower eastern region of Kenya.

Therefore, this study fills this gap by assessing the influence of strategic management practices on the bank performance in the lower eastern region of Kenya, focusing on strategic planning, technology, employee engagement, customer retention, and loyalty. Specifically, the study fills the study gap by examining influence of strategic management on the performance of KCB in a specific market in Kenya. Thus, unlike previous studies that have not been specific to a certain bank and specific market, this study is specific to KCB and its performance in the lower eastern region of Kenya.

By filling a gap in study, the research tried to align strategic management with performance in market environments that have unique challenges, opportunities and potentials. Specifically, targeting the lower eastern region ensures that the study captures a market with certain demographic and economic characteristics. The move is necessary in understanding how strategic management responds to unique market situations to enable businesses achieve growth, high performance and competitive advantage. By selecting a market with unique economic and demographic characteristics, this study was deliberate in trying to test the resilience of strategic management in addressing market and management challenges in unique business environments both in the internal and external environment.

1.3 Purpose of the Study

The purpose of this study is to investigate the influence of Strategic Management practices on the performance of Kenya Commercial Bank in the lower eastern region of Kenya.

1.4 Objectives of the Study

The specific objectives that this research proposal seeks to achieve are to:

- i. To establish the contribution of strategic planning on performance of KCB in the eastern region of Kenya.

- ii. To determine the effect of technology on performance KCB in the lower eastern region of Kenya.
- iii. To determine the influence of Employee Engagement on performance KCB in the lower eastern of Kenya.
- iv. To evaluate the influence of Customer retention on the performance of KCB in the eastern region of Kenya.

1.5 Research Questions

The study shall be guided by the following research questions;

- i. How does Strategic leadership affect the performance of KCB in the eastern region of Kenya?
- ii. What is the effect of technology on the performance of KCB in the lower eastern region?
- iii. How does Employee Engagement affect performance of KCB in the lower eastern region?
- iv. What is the contribution of customer retention on performance KCB in the lower eastern region?

1.6 Significance of the Study

The study on the influence of strategic management practices on the performance of banks in the Lower Eastern Region of Kenya, with KCB as the case study, holds significant importance in several key areas. Firstly, it offers insights into the unique dynamics of the region's banking sector, considering factors such as local competition, customer demographics, and economic conditions. This understanding is essential for tailoring strategic management practices to suit the specific context of the Lower Eastern Region.

Moreover, the research aimed to uncover how strategic management decisions influence bank performance within this region. By focusing on KCB as a case study, the study provided practical insights that can be applied within the organization and across the broader banking sector. This approach ensures the relevance and applicability of the findings to real-world

scenarios. For instance, other banks operating in the lower eastern region can use findings of this study to find insights on how to effectively enhance their performance in the region. Decisions relating to employee empowerment and technology adoption within the banking sector required evidence-based deliberations. For this reason, using the findings of the study will be necessary for the financial organizations operating within the lower eastern region. Thus, such organizations may need to know how the market operates and the possible changes before they make the necessary strategic decisions.

The study's findings also have potential policy implications, as they can inform policymakers and regulatory bodies about effective strategic management approaches for enhancing bank performance in the Lower Eastern Region. This knowledge can guide the formulation of policies aimed at fostering a conducive environment for banking operations and promoting financial inclusion. Based on the findings of the study, commercial banks in the lower eastern region and the government can come up with strategic decisions tailored towards achieving enhanced business performance and financial inclusion in the lower eastern region. By coming up with findings that relate strategic management with the bank's performance in the region, the study will serve as a policy document that banks in the region and the government can rely on when making strategic decisions aimed at enhancing credit access, financial inclusion and disbursement of cash to the people residing in the region. Targeted government initiatives to the area also need to rely on the findings of this study to achieve their objectives.

Furthermore, the research contributes to the academic literature on strategic management in the banking sector by providing empirical evidence and analysis focused on a specific region and bank. It serves as a valuable resource for scholars, researchers, and students interested in similar topics, enriching scholarly discourse and advancing understanding in the field. The findings of the study show the connection between strategic management and performance of the business. By drawing a link between strategic management and business performance, evidence from

this study can be used as a source of literature in different study areas that relate business performance with strategic performance. Besides, the study shows the relationship between technological innovation and performance of firms in the banking sector. Such a relationship is necessary in boosting literature on the role of technology and business success. Owing to the rapid technological change, such findings will be necessary to understand technological innovation and business performance. This literature can be used across different sectors in the Kenyan economy.

Overall, the study's exploration of strategic management practices and their influence on bank performance in the Lower Eastern Region of Kenya offers comprehensive insights with implications for stakeholders across various sectors. In essence, players in different sectors of the economy can borrow ideas from the findings of this study. Regardless of the industry, strategic management is required to ensure enhanced business performance. The findings of this study seek to show how strategic management is an effective tool towards business performance. It also shows how employee empowerment and innovation in technology can advance business performance. Drawing from the findings, firms from other industries can use this study as a source of literature to understand how to make strategic decisions aimed towards achieving competitive advantage and improved overall performance.

1.7 Scope of the Study

The scope of this study focused specifically on examining the influence of strategic management practices on the performance of Kenya Commercial Bank (KCB) branches in the Lower Eastern Region of Kenya. As one of the leading commercial and state-owned banks in the country, KCB's operations in this region presented a unique opportunity for analysis. The study focused on Branch Managers, Operations Managers, Heads of Credit, Supervisors, and Field staff across all KCB outlets in the Lower Eastern Region, with a particular focus on Kitui, Machakos, and Makueni Counties. These individuals play pivotal roles in determining and

implementing strategies tailored to the distinct characteristics and requirements of each county within the region and therefore they formed the population of the study. Therefore, by examining how their empowerment ensures critical decision making and success of a bank is a key point in this study. Evidently, such key individuals serve the customers directly and understand the needs and expectations of the market. For this reason, this study targeted a sample of 106 participants to represent the population. By capturing their views in this study, it was easier to understand how customer retention plays a pivotal role in ensuring strategic management and implementation of decisions within the banking sector.

The research was conducted between January 2024 and August 2024, during which it investigated various strategic management practices, including strategic planning, technology innovation, employee engagement, and customer retention. These variables have been selected due to their critical importance in the rapidly evolving banking landscape, especially considering technological advancements and shifting customer preferences. Bank employees, particularly Branch Bank Managers, require strategic management competencies to effectively navigate the unique challenges posed by the Eastern region's climate and economic landscape. Specifically, the study sought to establish how strategic management practices have enabled the Kenya Commercial bank to operate efficiently in the Lower Eastern Market.

The study was mostly premised on Dynamic Capability Theory and Upper Echelons Theory. Ideally, Dynamic Capability Theory was chosen because it highlights the need for top management to be dynamic and make decisions that can enable an organization to respond effectively to new market dynamics. Here, the expectation is that KCB's management needs to respond to dynamics in the market by making strategic decisions that fit into the Lower Eastern Region Market. Also, Upper Echelon's Theory was picked to help in understanding the role of the top management in ensuring success of strategic decisions at KCB and how the management facilitates performance of the bank in the targeted market segment.

1.8 Study Limitations

One of the limitations of this study was its restriction to a small area. By only picking one region, the study was likely to give findings that could not be generalized across the country or the region. This could negatively affect the validity of the findings of the study.

Also, the choice of participants who are workers under rules caused a limitation to this study.

The study encountered limitations related to the willingness of bank employees, who were the respondents, to fully engage with the academic questionnaire. Some employees expressed reservations due to concerns about privacy, fearing that their responses could compromise confidentiality. To address this, the researcher will emphasized on the strict confidentiality of the data collected and assured participants that their responses would be used exclusively for academic purposes, with no intent to intimidate or breach their privacy. Besides, respondents were ensured that their responses were kept confidential and that their personal identities were not to be revealed to third parties. Further, respondents signed consent forms that allowed them to participate or withdraw from this study.

Respondents also feared that their responses could be used by competitors to implement decisions that were likely to disadvantage the targeted bank. For this reason, respondents were unwilling to give out information relating to the main strategic decisions that the bank makes to remain competitive in the market. To address this fear, respondents were assured that the information they gave was to be used only in this study and not to be diverged to third parties. This assurance influence the participants to take part in the study without delays.

1.9 Delimitation of the Study

The focus of this study was the influence of Strategic Management practices on performance of banks in the lower eastern region of Kenya and not the whole of Kenya with specific

reference to Kenya Commercial Bank thus only forms one eighth of the whole region so the results of this research only applied to this particular region.

To address the limitation of picking a small region, I compensated by selecting a large sample size to use in the research project. The study sample size was 106 staff members as the respondents in the Banks involved in the development and implementation of strategies. The heads of departments are the ones mandated to oversee the implementation of strategies developed and approved in the Banks in the Eastern Region. The researcher thus ensured that findings from this sample size could be generalized to other regions in the country.

1.10 Assumptions of the Study

The study made the following research assumptions which included; first assumption was that Strategic Management practices influenced Banks performance. Secondly, Strategic Management practices that have been put in place to support it and would be quantified and evaluated. Thirdly, the targeted banks in the research had adopted Strategic Management practices otherwise it might not have been possible to collect this data. Finally, the Strategic Management practices under performance of these banks were being practiced and accounted for by the management and were well documented.

The assumptions, however, were hypothesized in a way that they looked like the main areas of concern for the study. Essentially each, of these hypotheses were to be tested based on the responses of the participants. By framing the assumptions as hypothesis and finally as research questions, the study was tailored to achieve its objectives by testing the assumptions to make findings of the study. Thus, despite having the assumptions, it was easier to test them as hypothesis since that could give the answer to the research concerns.

1.11 Operational Definition of Key Terms

Strategic planning: involves developing a systematic process to define an organization's direction and make decisions on allocating resources to pursue its objectives effectively.

Strategic Management: is the process of setting goals, procedures, and objectives in order to make a company or organization more competitive.

Customer Retention: Refers to the ability of the bank to keep and maintain its customers return to and continue to invest in the bank for long.

Technological Innovation: This is an organization's process of reinventing or redesigning its corporate strategy to drive business growth, generate value for the company and its customers, and create competitive.

Bank Performance : Refers to a continuous process that involves flexible procedures including management and those under management's supervision. They take a role of partners in a system created to empower them accomplish the required outcomes.

Employee Engagement: encapsulates the depth of emotional investment and commitment employees have toward their work and organization. It encompasses various factors including job satisfaction, commitment to organizational goals, emotional connection, motivation, quality of relationships, perceived support and recognition, alignment with organizational objectives, and intent to stay.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This part of the study dealt on the literature review and theories relevant to the study under the following sub- sections: theoretical framework, conceptual framework, empirical framework

of study variables, and critique of the existing literature and research gaps of the study. From the review of relevant literature, both theoretical and conceptual frameworks for the study were generated by identifying the interrelationships between the study variables to guide the study.

2.2 Empirical Literature

The study sought to establish the Strategic Management practices on performance of Kenya commercial Bank in the Eastern Region of Kenya. According to Goodwin (2015), review of literature was the researcher's evaluation of information and theories put across that was pertinent to the subject being studied so as to bring out the authors understanding of the subject or phenomenon. Empirical analysis of previous studies on relationship of the study was undertaken. This is between the predictor variables (Strategic Management practices) on the dependent variable (Bank performance) have been evaluated.

2.2.1 Strategic Planning on Performance

Ansoff and McDonnell (2012) assert that effective strategic planning involves leveraging the expertise of both internal and external stakeholders to anticipate future developments, adapt to changing business landscapes, and manage complex enterprises through practical management systems. This process typically encompasses formulating a vision and mission statement, conducting situational analyses, and implementing chosen strategies (Pearce and Robbinson, 2015).

Azizah et al. (2018) conducted a study on the impact of planning on firm performance in Malaysia, revealing that inadequate planning can lead to failure in strategy implementation due to outdated systems, technological deficiencies, and poor management. Anderson (2019) emphasizes the necessity of firm performance plans to align organizational goals and facilitate effective communication among team members.

Aldehayyat and Twaissi (2016) found a positive correlation between strategic planning and corporate performance in Jordanian small industrial firms, highlighting the involvement of

management in planning and the utilization of strategic tools and techniques. Similarly, Karel, Adam, and Radomir (2018) observed better performance outcomes in enterprises with detailed strategic plans, emphasizing the importance of comprehensive planning across all business areas.

Sandada, Pooe, and Dhurup (2020) confirmed a positive association between strategic planning and SME performance, identifying key dimensions such as environmental scanning, mission and vision clarity, formal planning processes, and employee participation. Wijetunge and Pushpakumari (2019) found a moderate engagement in strategic planning among manufacturing SMEs in Sri Lanka, with a positive relationship between planning and business performance metrics. The authors agreed with Sandada, Pooe, and Dhurup (2020) that strategic planning aligns vision, mission and objectives of an organization with all activities taking place in the organization. Sandada, Pooe, and Dhurup (2020) indicated that through strategic planning, firms enlighten their staff with strategic objectives, mission and vision necessary to plan and execute activities that align with strategic goals. Through mission and vision clarity, strategic management ensures that all employees align their activities with strategic goals (Wijetunge and Pushpakumari, 2019).

Contrary to expectations, Robinson and Pearce (2012) discovered that small Nigerian banks did not significantly benefit from formal strategic planning processes. They found no difference in performance between banks with formal planning systems and those without. However, formal planners tended to prioritize goal formulation, indicating a lack of emphasis on other planning activities.

Kariuki and Mungai (2017) investigated strategic planning practices in Kenyan banks, highlighting the importance of well-defined plans and environmental scanning for improved performance. Similarly, Mugo and Cheruiyot (2019) found a positive correlation between strategic planning and financial performance metrics among commercial banks in Kenya, with

structured planning processes contributing to higher profitability and asset quality. Mugo and Cheruiyot (2019) found that strategic planning enables organizations to scan the environment and identify threats and opportunities. Through such scanning, managers understand market dynamics and respond effectively depending in the changes in the market (Mugo and Cheruiyot, 2019). Here, the organization understands the areas to improve on as a way of ensuring competitiveness in the market. Kariuki and Mungai (2017) agreed that competitiveness is achieved when an organization scans and environment and identifies opportunities which when leveraged on can lead to the success of the business. By identifying such opportunities, it becomes easier to target initiatives towards success of the business.

2.2.2 Technology Innovation on Performance

In the global banking sector, empirical studies have extensively explored the impact of technology adoption on firm performance, revealing significant implications for operational efficiency, customer service, and competitive positioning. For instance, a study by Zhu et al. (2006) analyzed the relationship between IT investment and bank performance using data from a large sample of banks worldwide. Their findings demonstrated that banks that strategically leveraged technology to enhance customer service delivery and streamline internal processes experienced improvements in profitability and market competitiveness.

Moreover, research by DeYoung et al. (2007) examined the effects of electronic banking technologies on the performance of commercial banks in the United States. The study found that banks that embraced electronic banking channels, such as online banking and mobile banking, witnessed higher levels of customer satisfaction, cost savings, and operational efficiency. These technological advancements were shown to contribute to overall improvements in bank performance metrics, including profitability and market share. DeYoung et al. (2007) found that banks that had implemented the e-banking capability tapped onto a new market potential. By enabling individuals to access banking services through e-banking, banks

ensured that they accessed customers who wanted electronic transfer of money even without going to the bank.

Additionally, a meta-analysis by Hasan et al. (2011) synthesized findings from multiple empirical studies on the relationship between IT adoption and bank performance across different countries and regions. The meta-analysis revealed a consistent positive association between technology investment and various indicators of bank performance, including profitability, productivity, and customer satisfaction. These findings underscored the universal relevance of technology as a key driver of competitive advantage and sustainable growth in the global banking industry.

In the African banking sector, empirical research on the impact of technology on firm performance is gaining momentum as banks increasingly embrace digital transformation to address unique market challenges and opportunities. One notable study by Asongu and Odhiambo (2019) investigated the effects of mobile banking technology on the performance of banks in sub-Saharan Africa. Their findings indicated that banks that integrated mobile banking platforms into their service offerings experienced improvements in financial inclusion, customer outreach, and revenue generation, thereby enhancing overall firm performance.

Similarly, research by Kamau and Kiarie (2020) examined the influence of information technology adoption on the performance of commercial banks in Kenya, a leading financial hub in East Africa. Through surveys and statistical analysis, the study revealed that banks that invested in advanced IT infrastructure and digital banking solutions achieved higher levels of operational efficiency, customer satisfaction, and profitability. These findings underscored the critical role of technology in driving competitive advantage and sustainable growth in the African banking landscape.

However, challenges such as infrastructure limitations, regulatory constraints, and cybersecurity risks continue to impact the effective adoption and utilization of technology in

African banks. Despite these challenges, empirical evidence suggests that strategic investments in technology and digital innovation hold immense potential for transforming the African banking sector, driving financial inclusion, and fostering economic development across the continent. Further research in this area is essential to inform policymakers and industry stakeholders on effective strategies for leveraging technology to enhance firm performance and promote financial stability in Africa's banking industry.

Muthuri (2014) did a study on the role of information technology in enhancing performance of star rated hotels in Nairobi. The study aimed at finding out the effects of technology on buyersupplier relationship, electronic tendering and enterprise resource planning and their merit on performance of procurement in star-rated hotels in Nairobi. Muthuri (2014) used a descriptive research design and had a sample of 100-star hotels in Nairobi. Muthuri (2014) found that the star rated hotels in Nairobi adopted ICT in various phases of the procurement cycle including ICT in announcement of the notice – publication, contract administration, preparation of tender dossier and procurement planning to great extents and that the hotels adopted ICT in calculating the value and classification of the contract, opening and evaluation of tenders, determination of the procurement procedure and giving and signing of contract. However, Muthuri (2014) concluded that application of information technology in procurement enhanced efficiency and time saving thus enhancing the performance and competitiveness of the hotels.

Mardia and Namusonge (2016) did a study on influence of information technology practices in procurement on organization performance in public institutions in Kenya. The study focused on Jomo Kenyatta University of Agriculture and Technology. In their study, Mardia and Namusonge (2016) found that information technology positively influenced procurement efficiency through enhancement of continuous quality improvement as well as enhancing transparency and service delivery. Mardia and Namusonge (2016) recommended that the

institution should embrace use of IT in strategic management to promote performance and growth.

2.2.3 Employee Engagement on Performance

Employee engagement has emerged as a crucial factor influencing the performance and competitiveness of banks worldwide, as evidenced by empirical research conducted across different regions. For instance, a study by Harter et al. (2002) examined the relationship between employee engagement and organizational performance in a multinational sample of companies, including banks. The findings revealed a strong positive correlation between high levels of employee engagement and improved financial performance metrics, such as profitability and customer satisfaction. These results underscored the significance of fostering a supportive work environment and promoting employee well-being to drive organizational success in the global banking sector.

Moreover, research by Albrecht (2010) explored the impact of employee engagement on service quality and customer loyalty in the banking industry. Through surveys and customer feedback analysis, the study demonstrated that banks with highly engaged employees exhibited superior service delivery and stronger customer relationships, leading to increased retention and loyalty (Albrecht, 2010). Albrecht (2010) further agreed with Harter et al. (2002) employee engagement created friendly employees who were to enhance customer service. The authors indicated that stronger customer relationships were highly likely to grow where employees were fully engaged. The findings suggested that engaged employees were friendly to the customers and that resulted into effective customer service which in turn led to improved customer experience and business performance. These findings highlight the integral role of employee engagement in shaping customer experiences and driving long-term business performance in the global banking landscape.

Furthermore, a meta-analysis by Bakker et al. (2015) synthesized findings from multiple empirical studies on the relationship between employee engagement and organizational outcomes across various sectors, including banking. The meta-analysis confirmed a consistent positive association between employee engagement and performance indicators such as productivity, innovation, and financial results. Harter et al. (2002) and Bakker et al (2015) further agreed that engaged employees were highly motivated and innovative in activities. Here, employee engagement served as a key driver towards employee productivity. The findings showed that employees who were engaged were likely to be motivated and innovative as they undertook duties of the organization. By being creative and innovative, employees were highly likely to be productive since they were focused in ensuring they achieved the strategic objectives of the organization. These findings underscored the universal relevance of employee engagement as a key driver of organizational success and competitive advantage in the global banking industry.

In the African banking sector, empirical research on employee engagement and its impact on firm performance is gaining attention, reflecting the growing recognition of human capital as a strategic asset in driving organizational effectiveness and competitiveness. One notable study by Acheampong et al. (2018) investigated the relationship between employee engagement and service quality in Ghanaian banks. Through surveys and statistical analysis, the study found a positive correlation between high levels of employee engagement and improved service delivery, highlighting the critical role of engaged employees in enhancing customer experiences and driving business performance in African banks.

Similarly, research by Moyo and Dube (2019) examined the influence of employee engagement on organizational commitment and job satisfaction among bank employees in Zimbabwe. The study revealed that banks that prioritized employee engagement initiatives, such as training and development programs and recognition schemes, experienced higher levels of employee

satisfaction and commitment, leading to improved performance outcomes. These findings underscored the importance of investing in employee engagement strategies to foster a positive work culture and drive organizational success in the African banking context.

In the Kenyan banking sector, empirical studies on employee engagement and its impact on firm performance are essential for understanding the unique dynamics and challenges within the local industry. One relevant study by Mutuku and Namusonge (2017) examined the relationship between employee engagement and customer satisfaction in Kenyan banks. Through surveys and customer feedback analysis, the study found a positive association between engaged employees and higher levels of customer satisfaction, emphasizing the critical role of employee engagement in driving service excellence and competitive advantage in Kenyan banks.

Besides, research by Nyabwanga and Aosa (2020) investigated the effects of employee engagement on organizational commitment and turnover intentions among bank employees in Kenya. The study revealed that banks with high levels of employee engagement experienced lower turnover rates and higher levels of organizational commitment, leading to enhanced performance and stability in the banking sector. These findings highlight the importance of fostering a supportive work environment and promoting employee engagement to attract and retain talent and drive organizational success in the Kenyan banking industry.

Overall, empirical literature from global, African, and Kenyan perspectives underscores the significance of employee engagement as a critical determinant of organizational performance and competitiveness in the banking sector. By investing in employee engagement initiatives and fostering a positive work culture, banks can enhance employee satisfaction, improve customer experiences, and achieve sustainable growth and success in an increasingly competitive market environment.

2.2.4 Customer Retention on Bank Performance

Empirical studies on the relationship between customer retention and bank performance from a global perspective reveal insights into the strategic importance of customer loyalty in the banking industry. For instance, a study by Reichheld and Schefter (2000) examined the impact of customer retention on the financial performance of banks in the United States. Through longitudinal analysis of customer data and financial metrics, the researchers found that banks with higher customer retention rates achieved greater profitability and market share, highlighting the significant contribution of customer loyalty to overall bank performance.

Similarly, research by Sivadas and Baker-Prewitt (2000) investigated the effects of customer retention strategies on bank performance in European markets. Their study revealed that banks that implemented proactive retention initiatives, such as personalized services and relationshipbuilding programs, experienced higher levels of customer satisfaction and loyalty. These findings underscored the importance of customer-centric approaches in driving sustained growth and competitiveness in the global banking sector.

In the African banking context, empirical research on the relationship between customer retention and bank performance is limited but emerging, reflecting the growing recognition of customer-centric strategies in driving business success. One notable study by Ochieng et al. (2019) examined the impact of customer retention practices on the performance of commercial banks in Kenya. Through surveys and statistical analysis, the researchers found that banks that prioritized customer retention initiatives, such as loyalty programs and personalized banking services, achieved higher levels of customer satisfaction, loyalty, and profitability.

Moreover, research by Adeusi and Olokundun (2020) explored the influence of customer retention strategies on the performance of banks in Nigeria. Their study revealed that banks that invested in customer relationship management (CRM) systems and customer retention programs experienced improvements in customer satisfaction, loyalty, and financial

performance metrics. These findings underscored the importance of proactive retention efforts in enhancing customer lifetime value and driving sustainable growth in the African banking sector.

In the Kenyan banking landscape, empirical literature on the relationship between customer retention and bank performance is limited but growing, reflecting the increasing emphasis on customer-centric strategies in the industry. For instance, a study by Mburugu and Njeru (2018) investigated the impact of customer retention initiatives on the performance of commercial banks in Kenya. Through surveys and regression analysis, the researchers found that banks that implemented effective customer retention programs, such as personalized services and complaint resolution mechanisms, achieved higher levels of customer satisfaction, loyalty, and profitability.

Also, research by Mutai and Mwangi (2020) examined the influence of customer retention strategies on the performance of microfinance banks in Kenya. Their study revealed that banks that focused on building strong customer relationships and delivering value-added services experienced improvements in customer retention rates and financial performance indicators. These findings underscored the strategic importance of customer retention in driving sustainable growth and competitive advantage in the Kenyan banking sector.

Overall, empirical studies from global, African, and Kenyan perspectives highlight the critical role of customer retention in enhancing bank performance, underscoring the need for proactive retention strategies to foster long-term relationships, maximize customer lifetime value, and drive business success in the banking industry.

Mecha, Martin and Ondieki (2015) further agree with Mutai and Mwangi (2020) that customer retention strategies in the banking industry focus on product innovativeness in a way that seeks to make customers happy. According to Mecha, Martin and Ondieki (2015), customer retention strategies should align with the management perception on what makes the customer happy

and what brings them back to seek services at the organization. Mwangi, Gichuhi and Macharia (2019) further agree with this perspective stating that strategic management aimed towards customer retention should first endeavor to understand stakeholder requirements. In this case, the firm understands the needs of the customers and strives to meet them as a way of ensuring customer retention (Mwangi, Gichuhi and Macharia, 2019). Mecha, Martin and Ondieki (2015) further assert that in a competitive banking industry, banks need to identify factors that which when they implement will enhance their customer retention level and improve overall competitive edge.

Customer retention initiatives are based on the fact that Kenya's banking industry is highly competitive. As Mecha, Martin and Ondieki (2015) and Mwangi, Gichuhi and Macharia (2019) point out, customer retention strategies among leading banks in the Kenyan banking industry focus on ensuring that the specific bank attains competitive edge over the rivals in the industry. Mecha, Martin and Ondieki (2015) further assert that retaining customers in the banking sector in Kenya should focus customer relationship management and employee training. These initiatives aim at ensuring that the banks understand the needs of the customers and respond effectively to the needs of the clients (Mecha, Martin and Ondieki, 2015). Customer relationship management involves the firms employing strategies aimed at ensuring customer satisfaction at all levels of the organization (Mecha, Martin and Ondieki, 2015). Such initiatives focus on increased value and longevity of customers loyalty towards a certain brand (Mecha, Martin and Ondieki, 2015). In the banking industry, customer relationship management aims at ensuring repeat transactions among different customers.

In above case, customers may remain loyal when there are positive referrals, less costly transactions and differentiated financial services (Mecha, Martin and Ondieki, 2015). By maximizing the lifetime value of customers, banks intend to ensure that such customers feel appreciated, valued and understood and that their needs are met across all levels of the

organization (Mecha, Martin and Ondieki, 2015). Such a feeling is necessary since it influences the customers to remain loyal to a certain brand even when the market has other attractive brands.

Customer relationship management also strives towards ensuring effective employee training in line with the objectives of customer retention. Mecha, Martin and Ondieki (2015) and Mwangi, Gichuhi and Macharia (2019) agree that there is need to enhance customer services through effective employee training. The authors attain a convergence of opinion in their finding that employees need to understand the overall objectives of customer retention. In this case, organizations need to train their employees on the best practices aimed at retaining customers (Mwangi, Gichuhi and Macharia, 2019). By ensuring that employees relate with customers in a way that aims at retaining the later, banks can easily attain the highest level of customer satisfaction hence high client retention.

2.3 Theoretical Literature

The theoretical review of a research serves as the foundation upon which the study is built, establishing a connection between theoretical principles and practical applications (Rono & Memba, 2019). This framework guides every decision made throughout the research process, offering a logical interpretation of the relationships among variables and factors considered significant to the study's problem (Kihara, Bwisa, & Kihoro, 2016). Additionally, it furnishes definitions of these relationships, elucidating the theorized connections between them (Ratanya, Mukulu, & Sakwa, 2019). This study will examine Upper Echelons Theory, Traits Theory, and Dynamic Capability Theory.

2.3.1 Upper Echelons Theory

This theory emphasizes the significance of top management's attributes in influencing organizational performance. According to Kaiser et al. (2005), top management, often referred

to as the Upper Echelons, comprises executives who make high-level decisions driven by their cognitive dissonance and strong values. These executives possess a profound understanding of their organization's policies and mandates, necessitating high levels of principle and capability. Their effectiveness is crucial to their organizations' success, as they must strategically implement management practices to drive organizational goals forward.

Strategic decision-making and management traits intersect at the decision-making and problem-solving levels within organizations. Addressing challenges becomes pivotal to organizational performance (Nielsen, 2010). Strategic management practices must align with the firm's objectives and customer needs, inspiring and motivating employees to achieve set targets (Vroom et al., 2005). Leaders play a vital role in preparing their employees for strategic changes to ensure successful implementation and organizational success.

The upper echelons theory suggests that top managers with business-related backgrounds, particularly those with innovative and sophisticated accounting skills, are instrumental in profit-oriented firms such as banks, where increasing profits while maintaining customer satisfaction is paramount (Hambrick, 2005). When facing high levels of challenges and market turbulence, top managers may rely on their personal and professional backgrounds to make quick decisions (Hambrick et al., 2007). This reliance on managerial characteristics becomes more pronounced when managerial challenges are high, influencing organizational outcomes significantly.

Although middle managers may not be classified as upper echelons, their planning styles can still offer insights applicable to top managers (Mason, 1984). This is particularly relevant in the context of bank managers at the county level, whose planning practices can inform those of top managers. CEOs who foster trust, support, appreciation, and respect in the workplace tend to create a conducive work environment (Judge et al., 2004). Similarly, CEOs who emphasize

structure and goal attainment facilitate effective communication and usage of planning and control systems within their organizations.

By relying on the Upper Echelon's theory, this study tried to show how individuals in different management positions in an organization can utilize their position to influence strategic decisions. Here, the theory helped in building a connection between leadership influence and the success of strategic goals. Therefore, the study relied on this theory to show how leaders and individuals in different levels of KCB influence strategic decisions to enhance performance of the bank in the lower eastern region of Kenya.

2.3.2 Traits Theory

This theory, often referred to as the dispositional theory, was popularized by Allport in 1937. Allport describes Cardinal traits, which he argues are responsible for shaping individuals' unique behaviors, such as the desire for fame. Fame, according to Allport, showcases human ego and the pursuit of recognition, which can even manifest in business competition. These attributes, classified as primary habits, are inherent in society today (Macrae, 2000).

In addition to Cardinal traits, Allport identified secondary traits that emerge in specific situations, offering a more comprehensive understanding of human complexity. Management traits, considered crucial for effective management, distinguish successful leaders from others and are fundamental in organizational success (Costa et al., 2000).

The theory emphasizes the importance of human behavior in management effectiveness and its influence on people. It aids in identifying and assessing individual traits within organizations, particularly in competitive industries like banking. Traits theory allows organizations to evaluate management strategically, ensuring leaders possess integrity, empathy, assertiveness, and effective decision-making skills in line with organizational policies and ethics (Costa et al., 2000). Such leaders are instrumental in driving organizational excellence and delivering exceptional service to customers and stakeholders.

2.3.3 Dynamic Capability Theory

The Dynamic Capability Theory, pioneered by Teece (1990), emphasizes the necessity for firms to continuously adapt to a changing environment by reconfiguring and renewing their resources. Teece (1990) argues that firms cannot rely on static resources to survive in dynamic environments. Instead, they must engage in dynamic strategic management practices, continuously creating new forms of competitive advantage (Antony & Alala, 2018).

According to Teece (2020), firms must analyze the turbulent forces of the environment to develop strategies that enable them to adapt and integrate their core competencies in response to these changes. Competitiveness in such an environment, as conceptualized by Teece (2017), involves dynamic strategic management rather than mere industry rivalry or positioning. The term "dynamic" underscores the necessity for organizations, including banks, to continually restructure their competencies to align with evolving environmental forces. This study relied on this theory to explore how KCB can use strategic management to adapt to the continuously changing environment. Based on the Dynamic Capability Theory, a firm needs to adapt to changes through continuous innovation and strategic planning. Therefore, this study tried to show how this theory is applicable in the banking sector.

Moreover, Teece (2020) highlights the insights of other scholars, including Schumpeter, who argued that monopolistic firms are better positioned to leverage their competencies for greater competitive advantage compared to smaller or newer firms in the industry. This underscores the importance of dynamic capability in maintaining competitiveness amidst changing market dynamics.

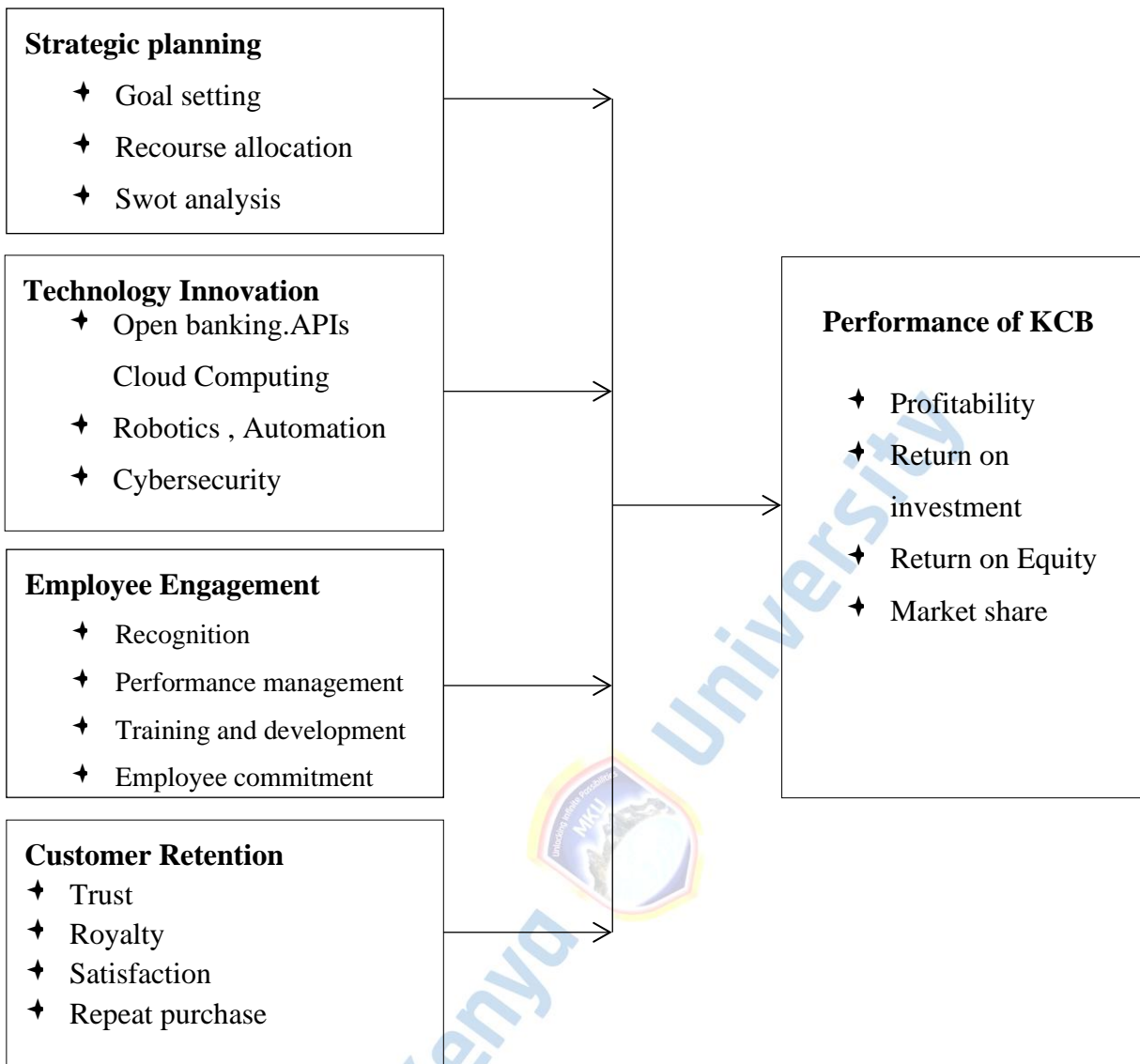
2.4 Conceptual Framework

A conceptual framework serves as a visual representation illustrating the relationships among variables within a study (Namusonge, 2018). It delineates the connections between independent

variables and dependent variables (Kyalo et al., 2020). In this study, the independent variables encompass Strategic planning, Employee Engagement, Technological Innovation, and Customer Retention, while the dependent variable is the overall performance of KCB.

Aligned with the problem statement, the conceptual framework of the current study elucidates the study variables, laying the groundwork for presenting the specific research objectives and hypotheses that guide the research assessment. This framework is accompanied by the study variables and their measurements, as depicted in Figure 1.





Independent Variables

Dependent Variable

Figure 1: Conceptual Framework

Source: Researcher, (2024)

2.5 Recap of Literature Reviewed

From the empirical review, a variety of approaches and methodologies, including descriptive survey design, historical research design, causal research design, explanatory research design, surveys, and regression techniques, have been employed. These studies have yielded diverse findings and conclusions. However, despite these efforts, the relationship between Strategic

Management and bank performance remains inadequately addressed. It is noteworthy that most studies have been conducted in developed countries with abundant resources, leaving a dearth of attention to this area locally (Hung, 2020).

Furthermore, there appears to be an imbalance in the attention given to studies on Strategic Management and bank performance. Many studies focus primarily on metrics such as Return on Assets (ROA) and Return on Equity (ROE), neglecting other dimensions of performance such as customer satisfaction and market share (Yung et al., 2022). Empirical evidence regarding the links between Strategic Management and bank performance, measured by factors such as Strategic planning, Market share, customer retention, and royalty as independent variables, is notably lacking. While some studies, like that of Jashari (2020), have explored the role of Strategic Management in firm performance using ROA and ROE, the generalizability of their findings is limited due to differing cultural and political contexts. Therefore, there is a need for further research to elucidate the impact of Strategic Management on firm performance, considering factors like profitability, market share, and customer satisfaction.

Against this backdrop, the current study aims to investigate the relationship between Strategic Management and bank performance, particularly in the lower eastern region of Kenya.

Strategic Management practices for this study are categorized into four measurements: Strategic planning, Employee Engagement, Technological Innovation, and customer retention. A conceptual framework has been developed to illustrate the relationship between the independent and dependent variables. However, a critique of existing literature reveals that the empirical link between Strategic Management practices and bank performance in the region under study has not been clearly established, as explained in subsequent research gaps.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlined the methods that were applied in data collection and data analysis. It outlined the research design the target population, sampling frame, sample size and sampling technique, tools of data collection, pilot testing, data collection procedure as well as data analysis and presentation. This chapter also outlined the Ethical Considerations that the researcher would observe and adhere to in order to ensure that the study went as intended.

3.2 Research Methodology

This study employed a mixed methods approach for data collection, seamlessly blending quantitative and qualitative methodologies to achieve a comprehensive understanding of the research topic (Johnson et al., 2018). This integrated method enabled the exploration of multiple dimensions of the phenomenon under investigation, enhancing the robustness and reliability of the findings. Also, the choice of quantitative methods enhanced ease of collection of data without having to travel regularly to the respondents. Essentially, these methods helped in saving time since the researcher only dropped and picked the questionnaires after they were filled. However, there was the disadvantage of failing to understand the lived experiences of the participants given that the method denied the researcher a one-on-one interaction with the participants.

3.3 Research Design

This study utilized a descriptive research design, which had the advantage of extensively describing behaviors, values, attitudes, and characteristics (Hennink et al., 2020). Descriptive surveys aim to depict the characteristics of subjects or phenomena, including opinions,

attitudes, preferences, and perceptions relevant to the researcher's interests. By obtaining information from a representative sample of the population, researchers presented findings as reflective of the population as a whole. This design facilitated the establishment of associations between variables through quantifying relationships using techniques such as correlations, relative frequencies, or differences. Descriptive surveys enabled researchers to gather, summarize, present, and interpret information to clarify and draw conclusions. The appropriateness of this design for the study lied in its ability to describe, record, analyze, and report on conditions as they exist in the field (Bussetto, 2020).

The choice of the descriptive research design was based on the need to avoid manipulating the variables used in the study. As Siedlecki (2020) points out, descriptive research design gives data in statistical form and therefore there may be no need to manipulate the variables. Also, such a design is easier to use when collecting data in its natural setting. As evident in this study, participants responded to the questionnaires at their places of work. Therefore, descriptive design helped in enhancing ease of collecting data in this research.

3.4 Location of the Study

The Lower Eastern Region of Kenya, comprising the counties of Machakos, Kitui, and Makueni, served as the geographical focal point for this study. Situated in the heart of Kenya's economic landscape, this region boasts a dynamic blend of urban centers, agricultural hubs, and emerging commercial zones. With its strategic location bordering Nairobi, the nation's capital, the Lower Eastern Region plays a pivotal role in Kenya's economic development and financial activities.

The choice of this specific location for the study was deliberate, driven by its significance in the banking sector and its representative nature of diverse socio-economic contexts within Kenya. As one of the key regions fueling Kenya's economic growth, the Lower Eastern Region

offers a rich tapestry of banking operations, customer demographics, and market dynamics for comprehensive analysis.

Moreover, the presence of prominent banking institutions, including the Kenya Commercial Bank (KCB), further underscored the region's relevance to the study. By focusing on KCB's operations and strategic management practices within the Lower Eastern Region, this research aimed at providing valuable insights into the link between strategic management approaches and bank performance in a contextually relevant setting.

Through in-depth exploration and analysis conducted within the Lower Eastern Region, this study sought to uncover nuanced perspectives on how strategic management practices impact the performance of banks, with implications extending beyond regional boundaries to inform broader banking strategies and policies in Kenya.

3.5 Target Population

In addressing the importance of defining a specific population for survey-based research to ensure the generalizability of findings, as emphasized by Ngechu (2004), this study narrowed its focus to three distinct categories.

Firstly, the category of Branch Managers encompasses individuals holding the position of Branch Managers within KCB branches in the region. This category includes a total of 5 Branch Managers who oversee the operational and managerial aspects of their respective branches.

Secondly, the group of Deputies/Senior Staff comprises individuals serving in deputy or senior roles within the KCB branches. This category encompasses 41 individuals who hold key management positions and contribute to the strategic decision-making processes within the bank branches.

Lastly, the category of Bank Tellers/Other Staff encompasses bank tellers and other staff members working within the KCB branches in the Lower Eastern Region. This category

comprises 60 individuals who play crucial roles in customer service, transactions, and administrative tasks within the branches.

In total, the cumulative target population for this study amounted to 106 individuals across all three categories. These individuals represented key stakeholders involved in the day-to-day operations and strategic management of KCB branches within the Lower Eastern Region.

The respondents were as distributed in the following table;

Table 1: Target Population

Category	Population	Percentage
Branch Managers	5	3
Deputies	11	15
Senior staff	30	25
Bank tellers/other staff	60	57
Total	106	100

Source: Kenya Commercial Bank (2024)

3.6 Sampling Procedures and Techniques and Sample Size

3.6.1 Sampling Procedures and Techniques

Given the relatively small and manageable size of the target population consisting of 106 individuals across three distinct categories within Kenya Commercial Bank (KCB) branches in the Lower Eastern Region, a census sampling approach was employed for this study. Census sampling involves gathering data from every member of the population, thereby ensuring that each individual within the target population had an equal chance of being included in the study (Yin, 2018). Essentially, this sampling process was aligned with purposive sampling. Purposive sampling is a non-randomized sampling procedure that selects participants based on certain pre-determined criteria. In this sampling approach, the researcher selects a sample based on the assessment of the individuals who specifically fit into the study objectives.

Given that this study had a clear research purpose and that it targeted a specific bank within a specific region, it was easier to use purposive sampling. The specific research purpose and the targeted region enabled the researcher to pick a small population and target bank employees with specific characteristics. Through purposive sampling, which mirrored the census sampling, the researcher tailored participant selection based on the objectives of the study. Specifically, I selected participants with characteristics that could enable me answer the research questions effectively and with ease. This enhanced the understanding of the research phenomenon since the selected participants were individuals who have experienced the issues that were being examined in the research.

This approach offers several advantages, including comprehensive coverage of the population, minimal sampling error, and increased accuracy in the findings. By including all members of the target population, census sampling eliminates the need for statistical inference and allows for a detailed examination of each individual case (Neuman, 2014). Essentially, this sampling procedure ensures that the researcher picks the most relevant sample for the study and leaves no time for guess work. By selecting the most relevant sample and the participants who fit into the study, this type of sampling enabled me as the researcher to enhance contextually rich understanding of the research phenomenon. This was achieved by enabling me to align research goals with the occupation and roles of the selected sample. For instance, by selecting specific workers from different departments within the bank, it was easier to tailor the research questions in a way that participants could help me achieve the research objectives.

3.6.2 Sample Size

The sample size for this study encompassed the entire target population of 106 individuals, comprising Branch Managers, Deputies/Senior Staff, and Bank Tellers/Other Staff within KCB branches in the Lower Eastern Region of Kenya. As census sampling involves collecting data

from the entire population rather than a subset, the sample size coincided with the total number of individuals within the target population (Neuman, 2014).

This approach ensured that all relevant perspectives and experiences within the population were captured, thereby enhancing the comprehensiveness and validity of the study findings. Additionally, by including every member of the target population, the study mitigated potential sampling biases and ensured that the research outcomes accurately reflected the characteristics and dynamics of the entire population (Yin, 2018).

3.7 Data collection methods

The study relied exclusively on primary sources of data collection, employing semi-structured questionnaires as the sole instrument. These questionnaires were meticulously designed to encompass both closed and open-ended questions, offering participants the opportunity to provide detailed insights while also allowing for quantifiable responses through a five-point Likert scale. The questionnaire was structured into distinct sections, each aligning with the revised research objectives. Questionnaires helped to save time used in the study.

Section A of the questionnaire was dedicated to gathering background information from participants. This section aimed to establish a foundational understanding of the respondents' demographics and relevant background details. Following this, Section B focused on exploring aspects related to strategic planning section C delved into technology innovation, section D, the questionnaire addressed the objective on employee engagement. Lastly, Section E was dedicated to customer retention. The decision to exclusively utilize primary data collection through questionnaires were informed by their efficacy in gathering quantifiable and confidential responses from participants. This approach ensured ease of administration and data management throughout the research process. Additionally, questionnaires were preferred over alternative methods such as focus groups due to their simplicity and ability to reach a wider

audience, thus maximizing the breadth of insights obtained (Mugenda & Mugenda, 2009; Bell & Bryman, 2007).

3.8 Testing for Piloting, validity and reliability

3.8.1 Piloting

Pilot testing was a crucial step in the research process, as emphasized by Mugenda & Mugenda (2009), as it provides a trial run of the study's procedures and instruments, helping researchers identify and rectify potential issues before the main study. In the context of this study, piloting was essential for ensuring the validity of the questionnaire and assessing the appropriateness of data analysis techniques.

The pilot study was done in Co-operative Bank in Machakos using 10 respondents ranging from all categories of the bank. Selecting Co-operative Bank in Machakos as the piloting location ensured a competitive perspective, potentially revealing different perspectives and insights compared to piloting within the researcher's organization. Additionally, Machakos was strategic location where the target market of both KCB Bank and Co-operative Bank was well represented, further enhancing the relevance of the pilot study.

The decision to involve 10 respondents in the pilot study was justified by the need for a representative sample size that provided sufficient feedback without being overly burdensome. With a total sample size of 106 participants in the main study, selecting 10 respondents for the pilot study constituted approximately 10% of the total sample size. This proportion allowed for comprehensive feedback while minimizing the resources and time required for piloting.

3.8.2 Reliability of the Research Instruments

Reliability measures the degree of a research instrument producing constant outcomes after repetitive tests (Mugenda & Mugenda, 2009). A tool is reliable if it is able to quantify a variable precisely and attain comparable outcomes over duration of period. Reliability refers to inside

reliability of research tools; it is the capability of research tools to give comparable outcomes all the time under similar conditions.

Cronbach's Alpha, a measure of reliability, was used to assess the reliability of the questionnaire. A test-retest procedure was used in establishing the reliability of the questionnaire. Re-administering a questionnaire to the same group of people after some time was necessary for this experiment. Cronbach's alpha was used to assess the reliability of the research instrument in this study. Cronbach's alpha is a measure of the correlation between the averages of measured elements. According to Zinbarg et, al. (2006), a dependability coefficient (Alpha value) of higher than 0.7 was considered satisfactory in this investigation.

3.8.3 Validity of the Research Instruments

Data collecting instruments must yield the type of data that can appropriately answer the questions of the researcher. Mugenda and Mugenda (2009) emphasize that data obtained must be pertinent to the research questions by maximizing reliability and validity. A valid instrument accurately measured the concept in question. By adhering to the characteristics of self-evident measures, the validity of questionnaire was observed. These measures showed the extent to which the instruments measure what they were meant to measure, which was classified as validity of face and content. The validity of instruments was ascertained by discussing the questionnaire with the researcher supervisor and other education experts who were highly knowledgeable about the study.

3.8.4 Establishing Credibility of the Research Instruments

Credibility is the value of being believable or reliable. It is the quality or power of inspiring belief. Consequently, credible sources should be reliable to give evidence that can be believed to be true. It is a judgment that the readers make about how believable the writer is according to O'Keefe (2016). It is important since participants frequently decide to answer to a convincing message centered not on the content but on their perception of the communicator.

3.9 Data Collection Methods and Procedures

The researcher used a questionnaire to collect primary data that allowed for uniformity of responses to questions. The research instrument will be self-administered to the respondents by the researcher. The manner of questionnaire administration was done through drop and pick method whereby the respondents were given the questionnaire. The respondents were given one week to respond to the questions after which they would be picked. The time allowed for the respondents to fill out the questionnaire enhanced the response rate.

3.10 Data Analysis Methods

The information that had been gathered was examined to see whether or not there were any gaps, inaccuracies, omissions, or other types of irregularities. After that, the data was coded with numbers so that it would be organized into the appropriate number of categories. SPSS Version 23.0 was used alongside MS Excel software to obtain both descriptive and inferential statistics. As a result, both descriptive and inferential statistical methods were used in the research to assess the data. In the report, descriptive statistics was provided in form of tables, bar charts, and graphs. Given that these tools and analysis methods are readily available, there was the advantage of using them with little cost to the researcher. These statistics entailed the usage of the mean as well as the standard deviation. The Pearson correlation coefficient and the OLS approach via regression was used as part of the inferential statistics in order to determine the nature of the relation that exists between the study's various variables. The multivariate regression model will take the following format:

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

Where: Y = Performance

X₁ = Strategic Planning

X₂ = Technology Innovation

X₃ = Employee Engagement

X_4 = Customer Retention β_0 = Constant. It defines the level of credit rating without the inclusion of predictor variables. $\beta_1, \beta_2, \beta_3, \beta_4$ = Regression Co-efficients for the predictor variables.

ε = Unexplained Variation i.e. error term

3.11 Ethical Consideration

Research ethics act as a guide to the behavior of the researcher when doing a study. They help him or her conduct the study in acceptable manner taking into consideration the rights of the participants. The researcher will focus on some ethical issues which will be considered before, during, and after the data collection. The following ethical guidelines will be observed by the researcher and include informed consent; Confidentiality and privacy; anonymity; Mien and decorum; storage of data and plagiarism as explained below:

The participants will give information voluntarily. Informed consent is derived from the participant right to freedom and making their own decisions. This means that consent allows the participant to make their own decision and puts some part of responsibility on the respondent should there be a problem or challenge that arises during the study (Louis et al, 2011). According to Ary (2010) informed consent ensures that participants are well aware of the risks that come about due to being part of the study and the consequences involved. In this study, the researcher will ensure the participants who accept to be part of the study are aware of the research goals. The participants also had the right to choose to be part of the study or to decline.

Given the above considerations, participants signed consent forms stating their willingness to participate in the study. As Ary (2010) points out, research involving human participants needs to be undertaken based on accepted ethical standards. Informed consent is one of the ethical standards of research that uses human participants. For this reason, this study anchored on

informed consent as critical part of the ethical considerations. This was observed to enhance the credibility of the findings of this study. In this case, the idea of informed consent was designed to protect the rights of the participants and monitor the conduct of the researcher. Specifically, requiring the participants to sign consent forms ensured that they were willing to volunteer information to help in the study. The consent forms provided clear and adequate information about the expectations of the researcher from the participants. Given the information in the consent forms, participants were well informed to voluntarily make informed decisions to participate in the study or opt out of the research exercise.

In this study, I relied on informed consent and other three forms of consent. First, I relied on active consent of the participants. In this case, participants showed the desire to participate in the study immediately after I approached them and shared with them about the study and the objectives I was trying to achieve through the research. I also relied on passive consent of the human participants in the study. In this case, I engaged the participants and they agreed to participate in the study. Also, I considered the views of the potential participants who denied to participate in the study. I also relied on implied consent in this research. Here, I assumed that those who participated in the study had consented to be part of the study even before seeking their consent. In this case, I assured the participants that their personal details were to remain anonymous. I assured the participants that only the information they gave during the study was to be used in revealing findings of the research and not their personal details including the areas they worked and their level in the organization. This implied consent influenced many of the participants who agreed to take part in this study.

Respect for privacy is at the heart of the conduct of ethical research with human participants (Ary, 2010). In this study, the researcher will ensure privacy of the participants by securing data in the computer with a password to ensure that other people cannot access it without the researcher's consent. The researcher additionally grouped the respondents' responses so that

each individual participant's score cannot be identified in the grouped data. An assurance was given to the participants that any data they provided would not be given out or shared with any other person, but rather it will be used purely for research purpose. Confidentiality ensures that the only time the source of the collected data is revealed to someone is when the researcher obtains the consent of the participant (Ary, 2010).

Anonymity refers to the process of protecting the identity of specific individuals. In any research, the participants have the right to remain secret. The researcher made sure that the questionnaires did not contain names of the participants so as to ensure complete and total secrecy. In this commitment, we agreed with the participants that their informed consent was based on the idea that they knew what was supposed to happen with the data that they gave out during the study. Specifically, based on the preamble of the informed consent form, the participants knew the risks and benefits of taking part in the research activities. By giving their consent, participants understood that their personal data was to remain anonymous. Here, the agreement was that details such as names, the branch they work at and their level at the organization was to be concealed during the analysis of the findings of the data. As a result, all respondents were referred to as participants to conceal their identities and level of occupation at the Kenya Commercial Bank.

By concealing this personal data, participants were assured of their protection during the study. In essence, participants knew that they were not likely to be victimized as a result of volunteering to participate in the study. Also, such knowledge meant that the researcher was liable to any data leakage that negatively affected the reputation of the participants as a result of them volunteering to participate in the study.

The information gathered from the participants was stored in extreme confidentiality to avoid leakage to illegal people. It will be preserved in both hard and soft copies. The investigator will not disclose any gathered material to anyone for any reason.

To ensure clean work free from plagiarism, the researcher will be uploading his work into TURNITIN software. This was done before each defense. The percentage index remained not more than 20 %. This includes the references. If the percentage will be higher, the proposal document will be cleaned and taken back to the programme till it will be 20 % or less.



CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSIONS

4.1 Introduction

The chapter captures the findings from the primary instrument that was utilized to conduct the study. It entailed the responses that the respondents provided in to questions about how strategic management practices influenced the performance of KCB in the lower eastern region of Kenya. The researcher developed tables that summarized the overall responses of the respondents to help with presentation and understanding.

4.1.1 Response Rate

From the one hundred and six questionnaires the researcher distributed to the respondents, eighty-four were returned fully completed. This constitutes more than 75 % of the respondents and therefore acceptable. Musa et al.,(2020) posit that a response rate of 50% can be considered adequate for analysis and reporting. Thus, this current study's response rate was commendable at 78%, which was within those limits. The results are shown in Figure 2.

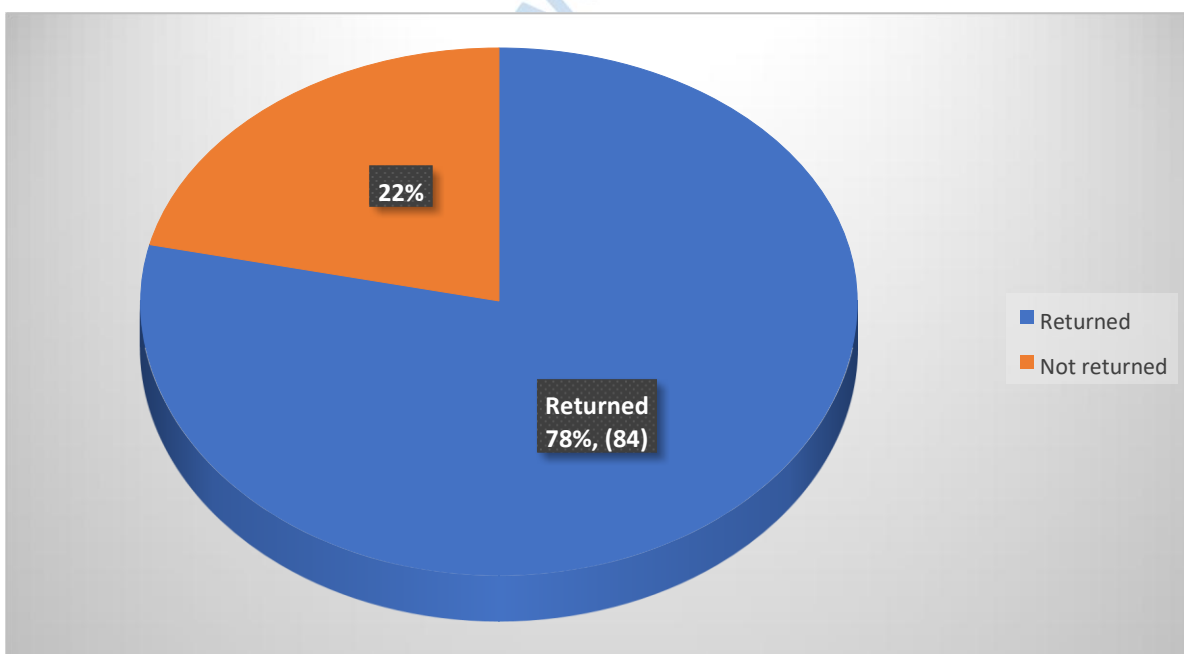


Figure 2: Response Rate

4.1.2 Reliability Analysis

Research instrument's validated was evaluated by giving it to the pilot group. According to Cox (2019), a reliability value of 0.7 or above is deemed adequate. For the purposes of this study, all of the constructs must have a construct composite reliability co-efficient (Cronbach alpha) of 0.7 or above. The findings are presented in Table 2.

Table 2: Reliability Analysis

Parameters	No. of Items	Cronbach's alpha
Strategic Planning	5	.834
Technology Innovation	5	.788
Employee Engagement	5	.721
Customer Retention	5	.745
Organization Performance	22	.752

Source: Field Data (2024)

From the results aspects of Strategic Management Practices under study were well captured in the questionnaire. Specifically, Strategic Planning was reliable alpha (value 0.834), followed by technology innovation with an alpha value of 0.788, then organization performance with an alpha value of 0.752, followed by Customer retention with an alpha value of 0.745, then Employee Engagement. with an alpha value of 0.721 had the slightest reliability. This indicates that the study tool was reliable hence no adjustments were needed.

4.2 Demographic Profile of Respondents

The study sought to establish the personal details of respondents through demographic profiling. Data was collected in relation to respondents' gender, age, years of work experience at the at KCB level of position, and highest education level. The findings for the background information were presented in tables.

4.2.1 Gender of Respondents

The gender distribution of the respondents was evaluated.

Table 3: Respondents' Gender

Gender	Frequency	Percentage
Male	58	67
Female	26	33
Total	84	100

Source: Field Data (2024)

The results showed that 33% of respondents were women and 67% of respondents were men. The fact that all comments, regardless of their gender, were taken into account demonstrated that the researcher was not biased towards either gender when collecting information.

4.2.2 Highest Educational level of Respondents

The researcher wanted to know the respondent's highest level of schooling. The respondents' capacity to reply to study-related questions was assessed using their degree of education. In Table 4, a summary of their feedback is presented.

Table 4: Highest Educational level of Respondents

Qualifications	Frequency	Percentage
Diploma	4	5
Degree	39	48
Masters	37	42
PHD	4	5
Total	84	100

Source: Field Data (2024)

According to the study's findings, 48% of respondents had earned a bachelor's degree, 42% had earned a master's degree, both diploma and doctorate had 5% of the total respondents. This

demonstrates that every respondent who took part in the survey was knowledgeable enough to comprehend and provide accurate study-related information. Also having adequate and high academic qualifications assured access to objective and credible responses from participants.

4.2.3 Years of work experience at KCB

The researcher wanted to know the numbers of years respondents had worked at KCB

Figure 3 illustrate the findings

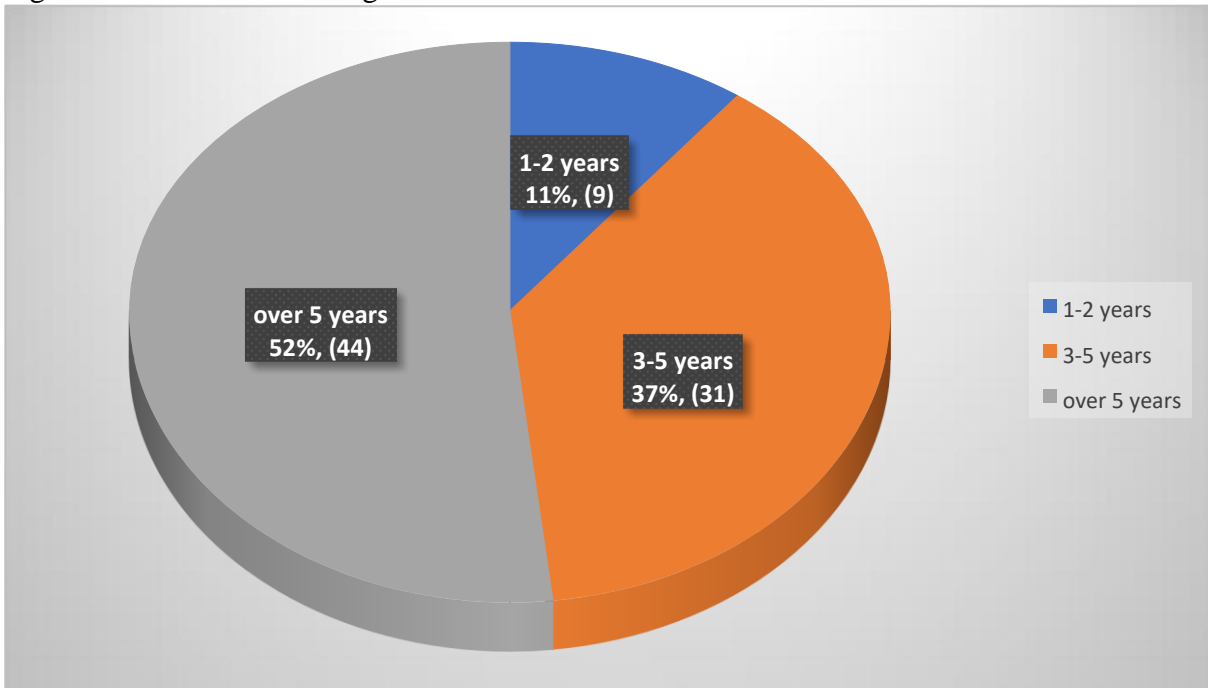


Figure 3: Years of work experience at KCB

From Figure 3, most of the respondents as represented by 44 (52%) had worked for more than 5 years KCB. Other respondents had worked between 3 to 5 years as represented by 31(37%), and respondents that had worked between 1 and 2 years as represented by 9(11%). This implies that all the respondents had adequate years of experience to participate in data collection of the study.

4.2.4 Level of position

The researcher additional explored the level of position of the respondents. The results are as shown in Figure 4.

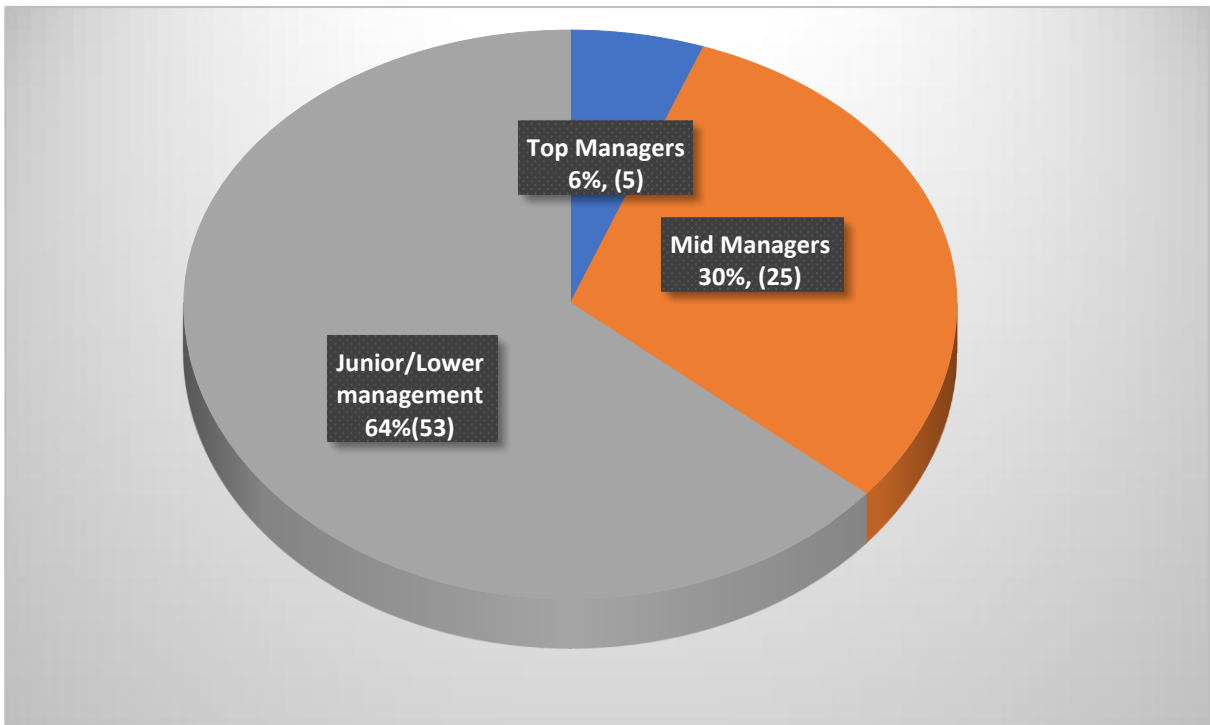


Figure 4: Level of position

Based on the findings, 64% of the respondents were from the lower management level, 30% were undersecretaries and directors, and lastly, 5% were from the top management level spearheaded by Branch managers in the eastern region. This implies that the respondents were well experienced since they cut across all the level of management of the Bank and could comprehend the subject under study.

4.3 Strategic Planning on performance of KCB

This study's first objective was establishing the effect of strategic planning on the performance of Kenya Commercial Bank. The respondents were requested by the researcher to describe how Strategic Planning affected performance of KCB in the lower eastern region of Kenya .

The findings are as presented in Table 5 below.

Table 5: Strategic Planning on Performance of KCB (Lower Eastern Region of Kenya

Variables	Mean	Std. Dev.
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Every staff at KCB is aware of the banks vision and Mission	4.348	0.676
Strategic Planning is driving performance of KCB in this region	4.763	0.618
Every Staff is involved in strategy formulation and implementation	3.448	0.719
Every staff understands the Banks Corporate Objectives	3.545	0.513
Strategic plan is critical in setting the direction of the bank	3.663	0.625

Source: Field Data (2024)

The results show from the respondents stated that in KCB every staff is in tune with the strategy formulation and also in its implementation aspect is capable of shifting quickly to address new strategic opportunities as expressed by a mean score of 4.763. Staff involvement influenced bank performance to a very large extent. Further staff the Bank understands the banks corporate objectives and core values meaning it is open to new ideas and leverages on them to effectively improve service to the customers as expressed by a mean score of 3.545. The bank has formal mechanisms to connect senior management with people at all levels of the Organization in communicating corporate strategy and clarifying the mission and vision of KCB as expressed by a mean score of 3.663.

These result agrees with the findings of Chege, Wang et al., (2020), Organizational performance is affected by management Strategic practices in Kenyan mobile phone companies. Telephone company management sees Technology as a tool that organizations can harness to boost performance. It is also believed that Technology management is used to support the institution's strategy application and implementation. This is due to the expertise and experience of the employees. Through better client service delivery, a more informed staff, and rallying strategically for better organizational decision-making processes, focusing on fewer operational expenses, and higher competitiveness.

4.4 Technology innovation and performance of KCB in the eastern region of Kenya

The study's second objective was to assess how Technological Innovation affected Performance of KCB in the eastern region of Kenya. The researcher asked the respondents to explain how Technology Innovation Variable affected the performance in the bank. The results are shown in Table 6 Below.

Table 6: Technology innovation and performance of KCB in eastern region of Kenya

Variables	Mean	Std. Dev.
The Bank has enhanced and uses ICT tools for effective service	3.677	0.823
Bank has automated all its processes for efficiency reliability and control	4.603	0.980
The Bank has trained employees to use It to relate well with customers and effectively solve their complaints	4.401	0.547
Bank in this region monitors and updates technology in tandem with prevailing market demands	4.784	0.786
Customer Data security is well maintained with highest degree of Confidentiality	4.546	0.814

Source: Field Data (2024)

Supported by the findings, the respondents agreed that the Bank has enhanced and uses ICT tools in effectively performing their duties, as shown by a mean of 3.677, and KCB has automated all its processes for efficiency ,reliability and control as shown by a mean of 4.603 influenced performance of KCB in eastern region in Kenya to a very large extent. Furthermore, the respondents stated that employees at KCB in the region monitors and updates technology in tandem with the prevailing market demands to a very large extent as shown by a mean of 4.784. In addition, majority of respondents stated that customer data security is well maintained with the highest degree of confidentiality with incoming as shown by a mean of 4.546 expertise as shown by a mean of 3.667 influenced performance of state corporations in the

banking sector in Kenya in to a large extent. Examples of enablers include technology, leadership, strategy, and corporate culture (control, time, incentive, and commitment). The establishment of a Technology management program cycle of capture, organization, knowledge sharing, application, and recycling is utilized to increase company value and gain a competitive edge.

4.5 Employee Engagement and performance of KCB in the lower eastern region of Kenya

Another objective of the study was to assess the influence of Employee Engagement on the performance of KCB in lower eastern region. The objective of the research was to determine how much Employee Engagement influenced performance of the KCB bank. The findings are shown in Table 7 Below;

Table 7: Employee Engagement on performance of KCB in lower eastern Region of

Kenya

Variables	Mean	Std. Dev.
The bank involves employees in decision making and problem solving	4.194	0.970
On job training is done from time to time in the bank	3.776	0.682
Employees are valued without discrimination.	2.789	0.682
All staff receive continuous training on latest Technology	2.776	0.672
Bank often use brainstorming meetings to generate new ideas on changing customer needs.	4.383	0.447

Source: Field Data (2024)

The study findings revealed that the respondents stated that the bank, senior managers used brainstorming meetings to generate new ideas on changing customer needs as illustrated by a mean of 4.383. This had the highest score meaning that staff appreciated the concern from the

Top Managers for Customer changing tastes and preferences. Also, respondents strongly agreed that the bank involved employees in decision making and problem solving shown by mean of 4.194, and that On job training is done from time to time in the bank as illustrated by a mean of 3.776 and this influenced performance of the Bank to a large extent. What is more, the bank employees were valued without discrimination as illustrated by a mean of 2.789, and all staff received continuous training on Technology as demonstrated by mean of 2.776 influenced performance of the bank to a moderate extent.

4.6 Customer Retention and performance of KCB in the Eastern Region of Kenya

The fourth objective of the study was to evaluate how Customer Retention influenced performance KCB in the eastern region of Kenya. The respondents were asked to rate the influence of customer retention on the performance of KCB. The findings are displayed in Table 8 below

Table 8: Customer Retention and performance of KCB in the eastern region

Variables	Mean	Std. Dev.
Bank has ensured there is consistency and planned activities to meet and exceed customer needs	4.173	0.866
Bank Products focus on the value associated with the customer demands	4.506	0.699
Bank does frequent advertisements of newly created products	3.894	0.970
Bank adopts flexibility in persuading local and foreign customers to embrace competitive products	2.776	0.682
Our products are more affordable compared to our competitors	4.483	0.537

Source: Field Data (2024)

The results demonstrate KCB employees fully understand how their individual roles correlates and contributes to the Organizational success as employees as they focus bank products on value associated with the customer needs. This means that they put more effort in their day

today work because they understand that employee performance leads to organizational performance and higher profit margins through ensuring that products focus on customer needs as shown by an average of 4.506. This influenced performance to a very large extent. The respondents similarly stated that they are more affordable compared to competitors and this is very crucial as it guarantees good performance as shown by an average of 4.483, KCB has an effective team production culture that ensures consistency and planned all its operational activities to meet customer needs as shown by an average of 4.173 influences performance to a very large extent. Consequently, the respondents agreed that the top management genuinely shows interest in their career goals. This means that the top management has provided a clear and effective career growth for all and their policies are well understood across departments. They embrace strategic leadership practices by creating an enabling environment for customers to embrace their products through advertising newly created products as shown by an average of 3.894.

4.7 Organizational Performance of KCB in the Eastern Region of Kenya

The objective of the study was to identify a trend in the performance of KCB during the previous five years as measured by various measures of performance. The results are shown in

Table 9 Below;

Table 9: Performance of KCB in the Eastern Region of Kenya

Variables	Mean	Std. Dev.
The service provided to Customers and the general public has improved greatly over the last 5 years	3.346	0.787
The has consistently and effectively met its Targets in the last five years	3.192	0.653

The Top Management has improved its efficiency levels in delivering the banks overall strategic objectives	4.164	0.832
Bad debts have decreased considerably and number of new customers is increasing	4.265	0.853

Source: Field Data (2024)

The study results stated that the service provided to citizens and general public had improved as depicted by a mean of 3.346 and the Bank had consistently met its Targets year after year as depicted by a mean of 3.192 and therefore had improved to a very large extent. Additionally, the bank has also improved on its efficiency levels in delivering its overall strategic in the last five years as depicted by a mean of 4.164.

The research conducted by Ndungu (2018) is in agreement with these findings, who offer insights on how strategic management practices affects organizational performance assessments in the present and the future. Ndungu (2018) came to the conclusion that a few banks had established pest performance measures and were positively responsive to how businesses maintained their profitability.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The Chapter summarizes with findings on the influence of Strategic Management practices management on Organizational performance of KCB bank in the lower Eastern region of Kenya, and synthesis with conclusion, and recommendations. This offers a clear understanding of the implications of the study's outcomes, and suggestions for further research are outlined. This chapter also compares the findings of the previous studies with the findings of the current study. In essence, it identifies points of convergence and divergence between the previous

studies and the current research. Based on this comparative examination, the chapter identifies gaps in the current study and suggest further research in the identified areas.

5.2 Summary of Findings

5.2.1 Strategic planning and performance of KCB in the Eastern Region of Kenya

The study sought to determine how strategic planning affected the performance of KCB in the lower Easter Kenya. The study found that every staff at KCB were aware of the banks vision and mission, and were working towards fulfilment of the banks mandate to a very large extent Further, employees recognized that the strategic planning is driving the banks performance. Additionally, the study revealed that every staff in the Bank was involved not only in strategy formulation but also when it came to its implementation to a very large extent. This is important as showed that staff owned the strategy and that it was not just forced on them. The study revealed that every KCB staff understood the Banks Corporate Objectives and this was Critical to its performance, and that is why the Bank was performing well in this region. Furthermore the staff believed to a very large extent that the strategic plan was instrumental in setting the direction of the bank and it was a road map to achieving the Banks objectives. This positive feedback from the banks staff underscores the benefits of Communicating, training and involving staff in strategy planning as it increases their morale and productivity. Therefore, the study effectively met the objective of examining the role of strategic management to strategic planning of KCB. Further, meeting this objective aligned the study with upper echelons theory by showing that top managers had the impact of influencing strategic decisions and the actions of other employees that in turn led to good performance of KCB.

The above finding corroborated previous findings by other researchers in different economic areas. For instance, the study agreed with Azizah et al (2018) in their finding that indicated a positive correlation between planning and performance in Malaysian organizations. As evident

in this current study, proactive planning enables KCB to maneuver the economic dynamics of the eastern region and therefore achieve the competitive edge ahead of the competitors in the market. Based on the findings of the current study, aligning organizational goals with individual objectives and desires ensures that the bank influences the workers to strive towards a common target. This finding supported Anderson (2019) in his finding that indicated that aligning organizational goals with the objectives of the employees through effective communication aids in ensuring strategy implementation hence high chances of enhanced performance in the business environment.

Further, the finding agreed with Aldehayyat and Twaissi (2016) that there is a positive correlation between strategic management and corporate performance in an organization. As evident in this study, participants indicated that they attributed the success of the bank with the move by the executives to allow them to take part in management decisions. As Aldehayyat and Twaissi (2016) found out, utilizing strategic tools such as involvement in management planning positively influences the employees to work towards achieving the organizational goals and vision. This finding was further corroborated in this current study since participants indicated that workers were in knowledge of the strategic focus of the bank across all levels from the senior management to the junior employees. From the results of this study, it was evident that employees at KCB in the lower eastern branches knew the goals of the organization and were involved in the strategic management of the organization. As a result, the employees were keen towards achieving the required level of performance hence showing the positive correlation between strategic planning and business performance.

5.2.2 Technology Innovation and performance of KCB in the Eastern Region of Kenya

The study's second objective was to ascertain how Technology innovation affected performance of KCB in Kenya's banking industry. The study found that employees at KCB have unmatched technical knowledge through technological innovation in speeding up

performing their duties and speeding up service delivery to their customers in the eastern region of Kenya. This underscores the importance technology innovation plays in effective day to day performance of the bank. Furthermore, Banks leveraging on Technology ensures that data confidentiality is maintained and availed to the customers as needed. In addition, most respondents opined that KCB effectively monitors and updates technologies in tandem with the prevailing market trends. KCB trained their employees to use IT to relate with customers and resolve their day-to-day issues promptly. The use of technology boosts the efficacy of strategic management approaches that leads to positive bank performance.

Based on the above finding, it is evident that the current study corroborated Hasan et al. (2011) in their finding that showed positive relationship between technology adoption and the success of the firms in the financial services sector especially the banks. Further, the study agreed with DeYoung et al (2007) in their finding that indicated that adoption of electronic and mobile banking services influenced customer experiences positively and contributed towards overall success of the banks in the industry in the US. As evident in this current study, embracing technology in the operations of KCB in the lower eastern region helped in enhancing the operational efficiency of the bank. The respondents indicated that due to adoption of technology, they were likely to serve more clients than they would have without the technology. In essence, the current study supported the previous findings of researchers who examined the role of technology in improving customer service and efficiency in banks.

Also, the study further supported Hasan et al (2011) in their finding that indicated that productivity of employees and customer satisfaction were as a result of adoption of technology in the banking sector. From the findings of this current study, it was evident that employees of KCB in the lower eastern region of Kenya noted improved customer satisfaction and work efficiency due to the use of technology in their work. With the evolution of technological tools targeting banking such as mobile money transfer, the study showed that employees at the bank

were seeing improved customer service and productivity in their operations. However, this finding fails to downplay the possible failures of technology and how customers are likely to negatively respond to such failures. By not capturing possible delays as a result of the technological failures, this study showed some level of bias in its findings.

This finding effectively met the broad objectives of the study by showing a link between performance and technology innovation. By revealing how KCB's investment in technology led the bank to high performance, this finding aligned with the objectives of the study. It also corroborated the Dynamic capability Theory. This was evident in the fact that the bank showed that it was responding to changes in technology to meet customer needs. Based on this reality, it is evident that the bank is continuously adapting to the dynamics in the banking industry.

5.2.3 Employee Engagement and performance of KCB in the Eastern Region of Kenya

The third objective of the study was to assess the influence of Employee Engagement on the performance of KCB in the Eastern region of Kenya. The study noted that at KCB employees were valued, recognized, trained on different tasks in different jobs to acquire needed knowledge. Their ideas were well taken into account. Also, KCB collects information from all the departments, and manages the employee feedback and knowledge to improve staff management at workplace which influenced its performance to a large extent. Moreover, the organization's improved customer satisfaction and therefore return on investment due to improved employee performance.

The study supported the findings of Albrecht (2010) that showed that there is a connection between employee well-being and customer satisfaction and productivity. Findings from this current study further corroborated this conclusion from the previous research. From the findings, it was evident that employees working at KCB's lower eastern region branches were highly valued and engaged. As evident in Albrecht's (2010) study, employee engagement fosters supportive work environment hence enhancing the commitment of employees towards

customer service. With stable customer service, engaged employees exhibit superior quality services compared to the less engaged workers. This improves customer satisfaction as it fosters customer relationships thus leading to increased customer loyalty and retention level.

By supporting employees and valuing them, KCB has shown that it understands the role of employee engagement in shaping customer experiences for improved business performance and competitiveness. In essence, the bank uses employee engagement to attract and retain more customers hence achieving competitive edge over the rivals in the same market segment. Therefore this finding is likely to be used by both firms in the banking sector as well as in other sectors to employ techniques of employee engagement that can translate into customer satisfaction and retention. As evident in the findings of the study, KCB relies on employee engagement to influence employee actions in a way that they shape long-term customer relationships. This leads to improved customer experiences that in turn leads to long-term business performance with increased client retention. The finding also aligned with traits theory in that consistent patterns of bank's initiatives towards the customer influenced the customer behaviors. In this case, customers developed traits of being retained as customers due to the consistent patterns of behaviors of the bank in the past.

5.2.4 Customer Retention and performance of KCB in Eastern Region of Kenya

This study wanted to assess the influence of customer retention on the performance of the performance in the Eastern Region of Kenya. Based on this objective, the study revealed that the bank had put in place customer friendly strategies that were customer driven and proper mechanism of retrieving customer data as well as employing effective customer retention strategies. Due to this there was marked improvement in customer royalty and repeat business that greatly enhanced the customer base and this translated into optimal performance. The bank has adopted relationship officers who were handy in attending to the clients needs Different banks products were put in place to cater for diverse customer requirements and these

attracted customers to a great extent. Consequently, KCB in this region improved performance tremendously.

From the findings, it was evident that KCB builds value based on customer demands. It was also found that the bank created products and activities to meet customer needs. These findings suggest that the bank was proactive towards implementing initiatives that met customer needs. In essence, the bank undertakes initiatives aimed at attracting and keeping customers. The move enhances chances of customer retention. These findings agreed with Ochieng et al. (2019) that customer-centric initiatives are necessary in organizations that intend to retain loyal customers. Based on this finding, it was evident that KCB has mastered the idea of embracing loyalty programs that seek to attract and keep customers for long. For instance, through initiatives that met customer needs, it is evident that the bank strives to engage in personalized banking activities that enhance customer satisfaction. Such initiatives have helped the bank enhance performance in the lower eastern region market hence attaining competitive edge over the rivals in the region.

5.2.5 Performance of KCB

The study pursued to establish the trend in the past 5 years of how state corporations in the banking sector been fairing when assessed on numerous indicators of performance. The study found that the service provided by KCB to the Customers had improved with technological innovation and skilled employees in the last five years. Strategic planning ensured that critical objectives were met through effective monitoring and evaluation. The KCB was continuously meeting its targets and the customer base had consistently increased. Better marketing strategies have been in place, prioritizing the needs of the customers year after year. Additionally, KCB has improved its efficiency through corporate image and business process reengineering. With effective customer service desk across the branches, the bank has managed to respond to the needs of the customers by first having personalized service for each need. A

general perspective developed from the findings of this study is that the bank has performed better in the targeted region compared to the competitors. Such performance has emanated from the bank's proactive move to engage in strategic management practices.

5.3 Conclusion

This study examined the role of strategic management in influencing the performance of KCB in the lower eastern region of Kenya. Through a quantitative approach, the study established that strategy planning has a positive and significant influence on the performance of KCB in the eastern region of Kenya. The study revealed that strategic planning was critical to the performance of KCB in the region. KCB leveraged on effective strategic plan in the fulfillment of set targets, because the staff were all aware of the mission and vision of the bank. Additionally, employees recognize the significance of having a strategic plan as a roadmap that was seen as driving performance of the Organization in the ever competitive and turbulent market for survival in this region. Moreover, the bank involved all staff in the formulation and implementation of strategy. This is motivating to staff as they feel recognized and valued, hence increase their willingness to contribute to strategic direction of the bank.

Secondly, the study concluded that technology innovation has a positive and significant influence on the performance of KCB in the eastern region of Kenya. Also, the study established that KCB had enhanced and used ICT tools for efficient and effective customer service in the region. Furthermore, KCB had automated all its processes for efficiency, reliability and internal control that culminated in prompt customer service. The bank monitors and updates technology in tandem with the prevailing market demands which is essential to effective service delivery.

Thirdly, the study concluded that Employee engagement has a positive and significant influence on the performance of KCB in the eastern region of Kenya. The bank uses

brainstorming meetings engaging with employees to generate new ideas on changing customer needs, the employees are not discriminated and are highly valued so their motivation is an alltime high and sustained. Continuous Training of employees is highly valued especially on the changing technology and The study also, concluded that at KCB employees are trained on different tasks in different jobs to acquire knowledge. Additionally, the bank involves and engages employees in decision making and problem solving leading to the organization's improved service delivery from the performed and acquired knowledge. This leads to overall performance of the bank in this region of Kenya.

Also, the study established that Customer retention has a positive and significant influence on the performance of KCB in the eastern region in Kenya. The higher the customer retention the higher the profits The study also stated that KCB have proper mechanism of retrieving customer information that assists employees to make prompt decisions without necessarily referring to Head Quarters, the study concluded that knowledge accessibility has a positive and significant influence on the performance of the bank in the eastern region of Kenya.

5.4 Recommendations

The researcher makes the following recommendations regarding the above variables influencing performance of KCB in the Eastern region of Kenya, based on the findings and conclusions of this study.

Future studies should expand their dependent and independent variables. For the current research independent variables included Strategic planning, Technology Innovation, Employee Engagement Management and Customer Retention.

Future studies need to apply a mixed approach method. This is because the use of quantitative methods in this study denied the researcher a chance to understand the lived experiences of the participants in the study.

Besides, future studies should capture other banks in the region to ensure there is comparative analysis of the research problem.

Also, future studies should capture a bigger region to ensure that generalizations of the findings are valid.

Besides, future studies may need to capture firms in other industries to expand on the literature of the findings.

5.4.1 Strategic Planning and performance Bank

The study makes a recommendation that KCB should continue being embracing changes from the environment like the changing customer needs that demand efficiency in the banks service to the public. Their internal procedures in accordance with the staff's skills and abilities must reflect this agility. The Bank should use its strategic capability to shift more competently to address new opportunities arising in the market by using strategic planning to drive performance. Staff involvement in strategy formulation and implementation is commendable.

And this should be sustainable as it will lead to success.

Additionally, it is commendable that, the bank in this region through awareness and training has imparted knowledge and understanding to employees on the corporate objectives. This is critical to its performance. The respondents are aware that strategic plan is critical in setting the direction of the bank hence are ready to work towards that strategic direction and being involved in strategic decision making, KCB should therefore continue embracing formal and strategic mechanisms to connect senior management with employees at all levels in the bank for optimal performance.

5.4.2 Technology innovation and Bank performance

The study makes a recommendation that KCB should continue automating their departments as the study regression analysis revealed that the beta coefficient for automation was high which is crucial in providing prompt services to the customers in the region. Make use of the vast knowledge they already possess to create guidelines for task performance and integrate that

knowledge into operational procedures to forecast the future. State corporations need to departmentalize operations, re use technology to strengthen operations, assign those the greatest skills to do specialized jobs, They should also use knowledge to improve internal processes. The experience that State corporations have should be put to better customer satisfaction.

5.4.3 Employee Engagement and Bank performance

The study recommends that in order to improve organizational performance should continue motivating, developing staff and involving them in decision making and problem solving in relevant matters that impact on them. By doing so they increase employees commitment towards Organizational success. Induction programs should continue to be done especially for newly employed staff. The less talented and experienced personnel should be able to learn from the more skilled and experienced staff through employee training, focus group discussions, team building, customized in-house trainings and brainstorming. International training should continue being encouraged to gain international skills in modern banking.

5.4.4 Customer Retention and Bank performance

This is highly commendable. because it enables fast and effective communication through emails. The study encourages continuous improvement in service delivery to the public by embracing the latest technology and continue training staff in the ICT Department with latest technology as they are the custodians of the Organizational data.

5.4.6 Organizational Performance

This study recommends KCB should continue providing efficient and effective services to customers by leveraging on strategic planning, technology innovation ,employee engagement and customer who are the building blocks to financial and overall performance in the region .and to the larger public to reduce the public complaints. KCB Bank Services should continue being taken closest to the citizenly as much as possible.

5.5 Areas for Further Research

Using KCB, this study sought to assess the influence of strategic management practices on the performance of the bank Specifically in the Eastern Region of Kenya. using variables like Strategic planning, Technology innovation Employee engagement and Customer retention. The Eastern region of Kenya has a very harsh climate it becomes important to investigate whether the same variables can bring out better results when applied in other more climate friendly regions. KCB is a state corporation bank. The study recommends further research using same variables on Strategic Management practices in private banks from the same region and beyond in Kenya and their effect on bank Performance.

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APPENDICES

Appendix I: Research Questionnaire

The research aims at collecting information on “The influence of strategic management practices on the performance of banks in the lower Eastern region of Kenya. case study of KCB You have been selected in the survey because of your potential to provide the required information. Please answer this questionnaire as truthfully as possible. This information is for academic purposes only and will be treated as strictly private and confidential.

PART A: General Information

Please tick/answer as required appropriately.

- 1) Indicate your gender
 - a. Male []
 - b. Female []
- 2) Tick appropriately the range within which your age falls.
 - a. <25 years []
 - 26-35 Years []
 - b. 36-54 Years []
 - c. 55+ Years []
- 3) Tick in the check box the highest level of your qualifications.
 - a. Diploma []
 - b. Bachelors []
 - c. Post graduate []
 - d. Professional qualifications []
- 4) Tick appropriately your work experience

< 5 years [] 6-10 Years [] 11-15 Years [] 16 Years []
- 5) What is your current position in the bank?.....Previous position if any
.....
- 6) How long have you been in your current position?.....
- 7) Have you ever worked in any other bank?..... if so how long?.....

Section B: STRATEGIC Planning

Please indicate your agreement or otherwise with the following statements using the following

Likert scale .Use a scale of: 5= Very Strongly Agree ; 4= Strongly Agree; 3= Agree;

2=Disagree; and 1= Strongly Disagree

Description	5	4	3	2	1
Every staff is aware of the Banks vision and Mission					
Strategic planning is driving performance					
Every staff is involved in strategy formulation and participates in implementation					
Every staff understands the Banks Corporate Objectives					

Section C: TECHNOLOGY INNOVATION

Description	5	4	3	2	1
The Bank has enhanced use IT tools and services for effective customer service					
The organization has automated all the processes for greater efficiency, reliability and control					
The organization has trained employees to use IT to relate with customers and resolve complaints					
The organization gradually monitors and updates technologies in tandem with the prevailing market trends and change					

Section D: EMPLOYEE ENGAGEMENT

Description	5	4	3	2	1
The Bank seeks to collect information about its competitors systematically					
The Bank acquires information from customers and takes their opinions about the services provided to them					
The Bank consistently ensures brainstorming meetings with employees to generate new ideas to address changing customer needs					
The customers opinions are considered as valuable source of knowledge by the bank					
Bank sensitive information is well used and stored in a comprehensive database					
The Bank has ensured that there adequate knowledge dissemination to all concerned employees					

Section E: CUSTOMER RETENTION

Description	5	4	3	2	1

The organization has ensured that there is ability of consistency and planned activities to meet and exceed the customer preferences					
The organization has ensured that the product focus augment the value associated with the customers					
The organization has ensured that there are frequent advertisements of the products					
The promotions carried out are meant to persuade the local and foreign customers to buy the products					
The customers often pay for our products at a lower price than our competitors					

Section F: BANK PERFORMANCE

Description	5	4	3	2	1
The Banks Return on Investment is above the average in the regions other banks					
The Bank Return on Assets is above the average in the regions other Banks					
Market share has increased in the last five years					
Net Profitability has increased in the last three years					
There are reduced customer complaints in the last five years					
Effective Bank planning is the driver of the performance					
Customer loyalty has increased in the last five years					
Assets have increased in the last five years.					

Thank You very Much for Your time

Appendix II: ERC



REF: MKU/ISERC/3822
TO: TONNY MUSYIMI

Date: 26 June 2024

REG: MBA/2022/53651

Dear Sir/Madam,

RE: INFLUENCE OF STRATEGIC MANAGEMENT PRACTICES ON PERFORMANCE OF BANKS IN LOWER EASTERN REGION OF KENYA: CASE STUDY OF KCB

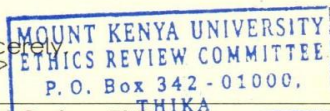
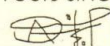
This is to inform you that **Mount Kenya University** has reviewed and approved your above research proposal. Your application approval number is **2866**. The approval period is **26/06/2024 - 25/06/2025**.

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

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Chartered and ISO 9001 : 2015 Certified Institution.
Unlocking Infinite Possibilities

Appendix III: Introduction Letter



Mount Kenya University

DIRECTORATE OF GRADUATE STUDIES

MBA/2022/53651

3rd July 2024

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

Dear Sir/Madam,

RE: TONNY MUSYIMI – REGISTRATION NO. MBA/2022/53651

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 **"Influence of Strategic Management Practices on Performance of Banks in Lower Eastern Region of Kenya: Case Study of KCB."** 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 **July 2024, and September 2024.**

Any assistance accorded to the student will be highly appreciated.






Thank you.



Dr. Samuel M. Karenga, Ph.D.
Director, Graduate Studies
Enc.

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TONY MUSYIMI

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