

**ANALYSIS OF VALUE INNOVATION STRATEGIES ON PERFORMANCE OF
COMMERCIAL BANKS, KENYA**

MUTISYA TERESIA KALEKYE


**A THESIS SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR
THE AWARD OF DOCTOR OF PHILOSOPHY DEGREE IN BUSINESS
ADMINISTRATION AND MANAGEMENT OF
MOUNT KENYA UNIVERSITY**

JULY, 2022

DECLARATION AND APPROVAL

Declaration by the Student:

This Research Project is my original work and has not been presented for a degree in any other university or for any other award.

Signature... 

Date...01/07/2022.....

Mutisya Teresia Kalekye

PHDBAM/43202/2016

Approval by University Supervisors:


We confirm that the work reported in this Research Project has been carried out by the candidate under our supervision.

Signature... 

Date...01/07/2022.....

Dr. Evans Nyamboga, Ph.D.

Mount Kenya University, Kenya

Signature... 

Date.....01/07/2022.....

Dr. Phelista Njeru, Ph.D.

Mount Kenya University, Kenya

DEDICATION

This work is dedicated to my mother Seraphine Waeni and my late father George Mutisya for unending support, encouragement and great love for education.



ACKNOWLEDGEMENT

I thank the Almighty God for giving me strength all through the study period. I extend my sincere appreciation to my supervisors, Dr. Evans Nyamboga Mandere and Dr. Phelista W. Njeru for their unending guidance, effort and support all through to ascertain my thesis meets the essential standards. It has not been easy but with their support and encouragement, we have walked thus far. I equally appreciate the input by Dr. Mwiti, Dr. Thoronjo and other lecturers whose input no doubt assisted me to meet the requirements of this thesis.

In a special way I appreciate my family, in particular my mother and siblings for their encouragement and prayers without forgetting the fond memories of my late dad George Mutisya who had great love for education and went an extra mile to ensure we excelled in the academic field. In addition, I extend my sincere love to my husband Samuel Wahiu and my children Mitchell and Maxwell who gracefully and immensely remained patient, hopeful and calm as I concentrated towards achieving my academic apex. Am also grateful to my classmates, especially Julius Kasuni and Harrison Mutegi with whom we have walked in this academic journey and successfully managed to move forward.

In one way or another MKU fraternity has given me the opportunity which I do not take for granted because it is the University that has made me achieve my goal. I finally appreciate all and sundry for the input given towards the completion of my academic journey.

ABSTRACT

Performance of Commercial Banks in Kenya has been on decline in the last one decade with majority of the banks making minimal profit while others experiencing a yearly decline of more than 10% in profitability. Consequently, most of the banks have also been experiencing a shrinking market share. Given the changes in the business environment such as entrance of new competitors, dynamic innovations, legislative and economic dynamics, organizations need to make choices that add value to customers and those, which will enable the organization, remain relevant in such a dynamic environment. It is on this context that this study sought to analyze the influence of value innovation strategies on performance of Commercial Banks in Kenya. The objectives were; To examine influence of processes innovation strategy on performance of Commercial Banks in Kenya; to investigate influence of technological change strategy on performance of Commercial Banks in Kenya, to examine influence of positioning strategy on performance of Commercial Banks in Kenya, to examine influence of strategic alliance on performance of Commercial Banks in Kenya and to examine the moderating effect of government regulations on relationship between value innovation strategies and performance of Commercial Banks in Kenya. To achieve the objectives of the study, explanatory research design was used.. Primary data was collected by means of questionnaire whereas the secondary data was gathered from relevant literature resources, organization's annual reports and website. Cronbach's Alpha co-efficient was applied to test the reliability of the data with an acceptable level of 0.7. The reliability score in this study was 0.808. The study targeted tier 2 Commercial Banks in Kenya with the top management bank employees as the key respondents. With the right strategies, these banks are capable of advancing to tier 1 category. The study employed census targeting the entire population of the 162 top management bank employees. 18 respondents from Family Bank Limited were considered for pilot study through convenience method. The pilot respondents were excluded from the main study leaving out 144 respondents who were considered in the main study. Out of the 144 respondents, 120 responded the questionnaire. Descriptive and inferential statistics was applied in examining the information. Descriptive statistics entailed the measure of central tendency (mean) and the measure of dispersions (standard deviation). The SPSS was applied to generate the statistics. Inferential statistics entailed regression and correlation analysis. Data was presented using tables. The overall R^2 was 0.632. The study established processes innovation strategy, technological change strategy and positioning strategy had significant influence on performance of commercial banks in Kenya however the influence of strategic alliance on performance of commercial banks was moderate. The study resolved that, firstly, mobile and internet banking has enabled customers to access essential services at the comfort of their homes or offices. Secondly, big data solutions facilitate safeguarding of customers' information. Thirdly, banks targets different categories of customers and uses differentiated channels in order to reach out to them hence the researcher recommends that banks should adopt value innovation strategies in order to enhance performance.

TABLE OF CONTENTS

DECLARATION AND APPROVAL.....	ii
DEDICATION.....	iii
ACKNOWLEDGEMENT.....	iv
ABSTRACT.....	v
TABLE OF CONTENTS	vi
LIST OF TABLES	x
LIST OF FIGURES	xii
LIST OF ABBREVIATIONS AND ACRONYMS	xiii
CHAPTER ONE: INTRODUCTION.....	1
1.0 Introduction	1
1.1 Background to the Study	1
1.1.1. Value Innovation Strategies	7
1.1.2 Performance of Commercial Banks	12
1.1.3 Commercial Banks in Kenya.....	16
1.2 Statement of the Problem	18
1.3 Purpose of the Study	20
1.4 Objectives of the Study	20
1.5 Research Hypotheses.....	20
1.6 Significance of the Study	21
1.7 Scope of the study	23
1.8 Limitations of the Study	23
1.9 Delimitations of the Study.....	24
Operational Definition of Key Terms	25
CHAPTER TWO: LITERATURE REVIEW.....	28
2.0 Introduction	28
2.1 Theoretical Review	28

2.1.1 Dynamic Capability Theory	28
2.1.2 Diffusion of Innovation Theory (DIT)	30
2.1.3 Reconstructionist Theory.....	32
2.2 Theoretical Framework	34
2.2 Empirical Review	35
2.2.1 Processes Innovation Strategy and Performance of Commercial Banks.....	35
2.2.2 Technological Change Strategy and Performance of Commercial Banks	42
2.2.3 Positioning Strategy and Performance of Commercial Banks	51
2.2.4 Strategic Alliance and Performance of Commercial Banks	54
2.2.5 Government Regulations	65
2.3 Conceptual Framework	67
2.4 Summary of Literature Review	68
2.5 Research Gap	70
CHAPTER THREE: RESEARCH METHODOLOGY	72
3.0 Introduction	72
3.1 Research Philosophy	72
3.2 Research Design.....	72
3.3 Target Population	73
3.4 Sampling Procedure and Techniques	74
3.4 Data Collection.....	75
3.5 Construction of the Research Instrument	76
3.6 Validity and Reliability of Research Instruments	76
3.6.1 Pilot Test.....	77
3.7 Data Collection Method and Procedure	78
3.8 Data Analysis and Presentation.....	79
3.8.1 Operationalization of Variables	80
3.9 Ethical considerations	81
CHAPTER FOUR: RESEARCH FINDINGS AND DISCUSSIONS	82
4.0 Introduction	82
4.1 Pilot Results.....	82
4.2 Response Rate	84
4.3 Demographics and Background Characteristics	85

4.3.1 Level of Education of respondents	85
4.3.2 Age of respondents	86
4.3.3 Years worked in the bank	87
4.4 Descriptive Results.....	88
4.4.1 Processes innovation strategy and performance of Commercial Banks, Kenya	88
4.4.2 Technological Change Strategy and performance of Commercial Banks, Kenya	94
4.4.3 Positioning Strategy and performance of Commercial Banks, Kenya	99
4.4.4 Strategic Alliance and Performance of Commercial Banks, Kenya.....	104
4.4.5 Performance of Commercial Banks, Kenya	110
4.5 Inferential Statistics.....	112
4.5.1 Assessment of Data Normality using QQ Plot	112
4.5.2 Assessment for Multicollinearity.....	113
4.5.1 Testing for Homoscedasticity Assumption.....	114
4.6 Correlation Results.....	115
4.7 Regression Analysis	117
4.7.1 Processes innovation strategy and performance of commercial banks	117
4.7.2 Technological change strategy and performance of commercial banks	120
4.7.3 Positioning Strategy and performance of commercial banks	122
4.7.4 Strategic alliance and performance of commercial banks	124
4.7.5 Combined Relationship of Independent Variables and Dependent Variable	126
4.7.6 Moderating effect of Government regulations on relationship between value innovation strategies and performance of Commercial Banks	128
4.8 Overall Regression Analysis	132
4.9 Discussion of the Key findings	133
4.9.1 Processes innovation strategy and performance of Commercial Banks, Kenya	133
4.9.2 Technological change strategy and performance of Commercial Banks, Kenya.....	135
4.9.3 Positioning strategy and performance of Commercial Banks in Kenya.....	136
4.9.4 Strategic alliance and performance of Commercial Banks, Kenya	137
4.9.5 Moderating effect of Government regulations on relationship between Value Innovation strategies and performance of Commercial Banks, Kenya	138
CHAPTER FIVE: SUMMARY, CONCUSION AND RECOMMENDATIONS.....	139
5.0 Introduction	139
5.1 Summary of the Findings	139

5.1.1 Influence of processes innovation strategy on performance of Commercial Banks, Kenya.....	139
5.1.2 Influence of technological change strategy on performance of Commercial Banks, Kenya.....	140
5.1.3 Influence of positioning strategy on performance of Commercial Banks, Kenya	140
5.1.4 Influence of strategic alliance on performance of Commercial Banks, Kenya	140
5.1.5 Influence of moderating variable on relationship between Value Innovation strategies and performance of Commercial Banks, Kenya.....	140
5.2 Conclusion.....	141
5.3 Recommendations	142
5.3.1 Managerial Recommendation.....	142
5.3.2 Policy Recommendation.....	143
5.5 Areas for Further Research	143
REFERENCES.....	145
APPENDICES	159
Appendix I: Introduction Letter	159
Appendix II: Consent Form.....	160
Appendix III: Questionnaire.....	161
Appendix IV: List of Commercial Banks in Kenya.....	171
Appendix V: Sampled Banks (Tier 2 Banks).....	173
Appendix VI: Summary of the Banks' Performance	174
Appendix VII: Tier 2 Banks: Profit before Tax	175
Appendix VIII: Tier 2 Banks: Non-Performing Loans	175
Appendix X: Budget.....	176
Appendix XI: Turnitin Report.....	177
Appendix XII: University Ethical Clearance Certificate	178
Appendix XIII: NACOSTI Research Permit	179

LIST OF TABLES

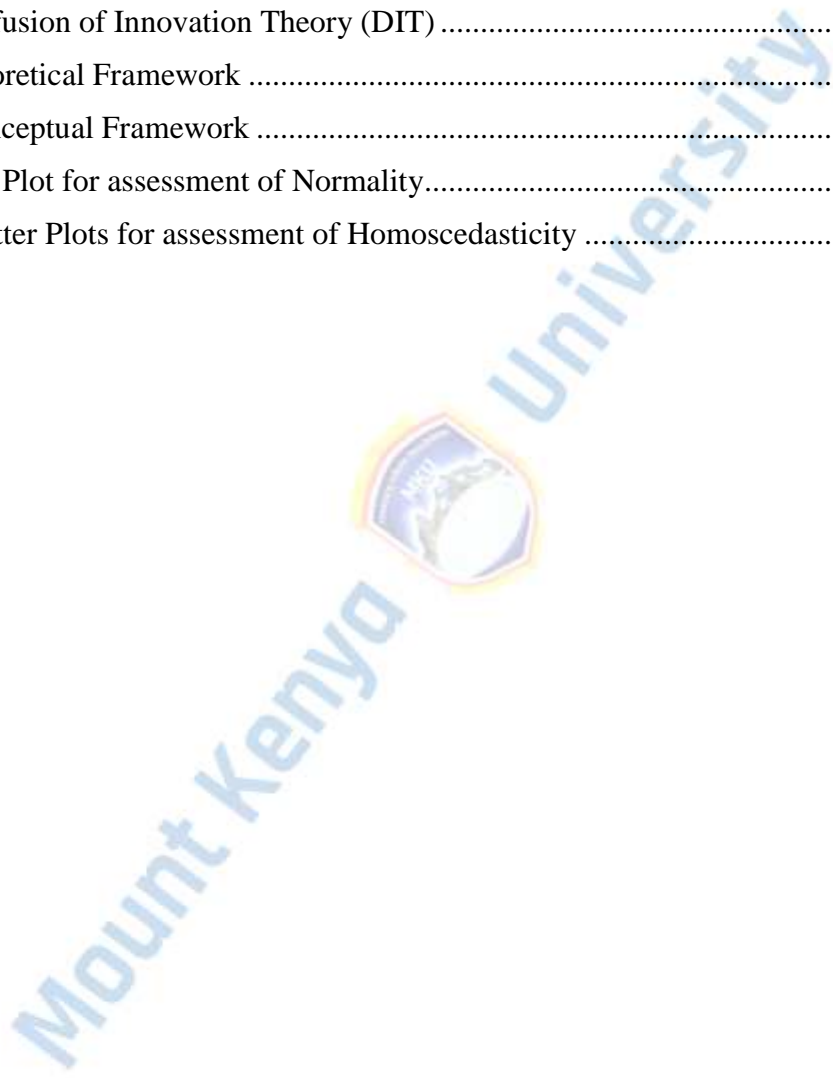
Table 1: Traditional versus Transformation Strategy	34
Table 2: Target Population.....	74
Table 3: Sample Size Determination	75
Table 4: Reliability Results.....	83
Table 5: Response Rate.....	85
Table 6: Level of education	85
Table 7: Age of respondents	86
Table 8: Years worked in the bank	87
Table 9: Total Variance Explained (Processes Innovation Strategy)	89
Table 10: Factor loading for constructs of Processes Innovation Strategy.....	90
Table 11: Processes innovation strategy and performance of commercial banks	92
Table 12: Total Variance Explained- Technological Change Strategy	94
Table 13 Factor loading for constructs of Technological Change Strategy.....	96
Table 14: Technological change strategy and performance of commercial banks	97
Table 15: Total Variance Explained For Positioning Strategy	100
Table 16: Factor loading for constructs of Positioning Strategy	101
Table 17: Positioning strategy and performance of commercial banks	102
Table 18: Total Variance Explained -Strategic Alliance	105
Table 19: Factor loading for constructs of Strategic Alliance	106
Table 20: Strategic alliance and performance of commercial banks	108
Table 21: Performance of commercial banks	111
Table 22: Multicollinearity	113

Table 23 Correlation	116
Table 24: Model Summary for Processes Innovation Strategy and performance of commercial banks	117
Table 25: Processes Innovation Strategy and performance of commercial banks- Regression co-efficient	118
Table 26: Processes Innovation Strategy and performance of commercial banks- ANOVA	119
Table 27: Model Summary for technological change Strategy and performance of commercial banks	120
Table 28: Technological change Strategy and performance of commercial banks- Regression co-efficient	120
Table 29: Technological Change Strategy and performance of commercial banks –ANOVA	121
Table 30: Model Summary for positioning strategy and performance of commercial banks	122
Table 31: Positioning strategy and Performance of Commercial banks- Regression co-efficient	122
Table 32: Positioning Strategy and performance of commercial banks- ANOVA	123
Table 33: Model Summary for strategic alliance and performance of commercial banks .	124
Table 34: Strategic Alliance and Performance of Commercial Banks- Regression co-efficient	124
Table 35: Strategic Alliance and performance of commercial banks- ANOVA	125
Table 36: Combined Model Summary for Performance of commercial banks on processes innovation strategy, technological change strategy, positioning strategy and strategic alliance	126
Table 37: Combined Coefficient of Value Innovation Strategies.....	127
Table 38: Combined ANOVA for Value Innovation Strategies.....	127
Table 39: Moderated Regression Model.....	129

Table 40: Moderated Regression Analysis Coefficient	130
Table 41: Moderated ANOVA.....	131

LIST OF FIGURES

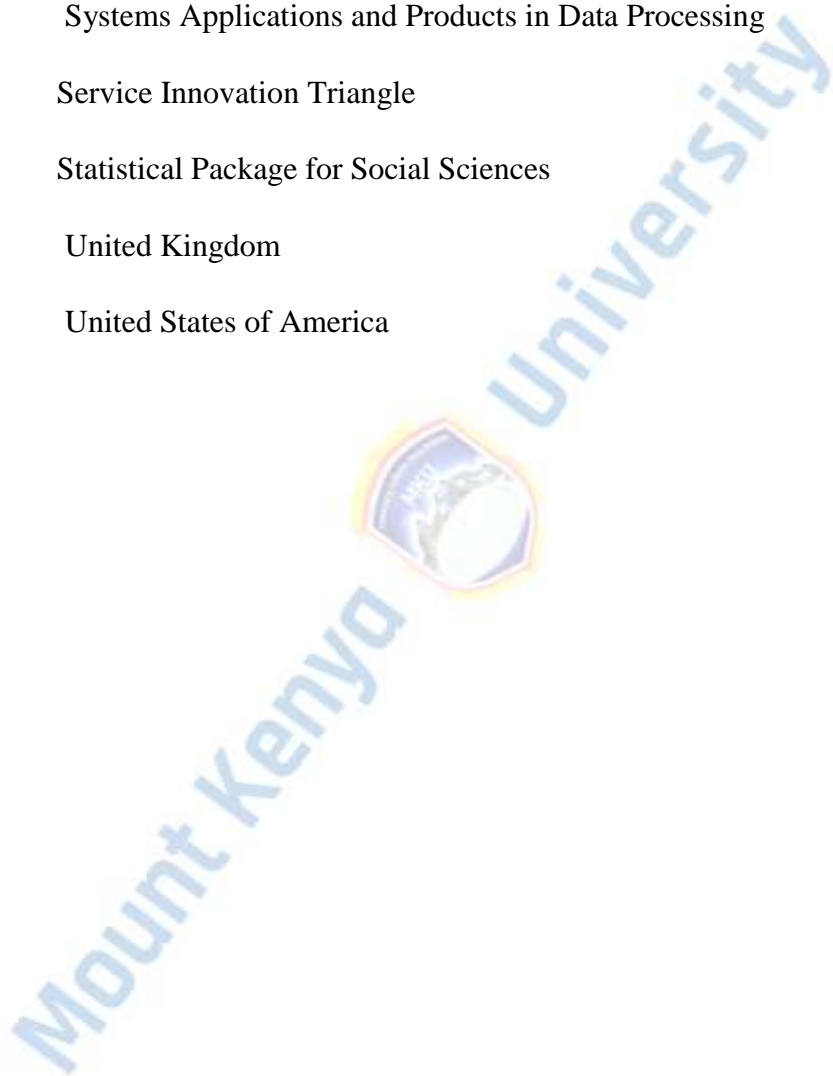
Figure 1: Diffusion of Innovation Theory (DIT)	31
Figure 2.Theoretical Framework	34
Figure 3: Conceptual Framework	68
Figure 4: QQ Plot for assessment of Normality.....	113
Figure 5: Scatter Plots for assessment of Homoscedasticity	115



LIST OF ABBREVIATIONS AND ACRONYMS

ANOVA	:	Analysis of Variance
ATM	:	Automated Teller Machine
CBK	:	Central Bank of Kenya
CBN	:	Central Bank of Nigeria
DIT	:	Diffusion of Innovation Theory
ECB	:	European Central Bank
EU	:	European Union
EFT	:	Electronic Fund Transfer
FSD	:	Financial Sector Deepening
GBR	:	Global Banking Report
HR	:	Human Resource
ICT	:	Information Communication Technology
IMPS	:	Immediate Payment Service
IPPB	:	India Post Payments Bank
KBA	:	Kenya Bankers Association
KYC	:	Know Your Customer
MD	:	Managing director
NBFC	:	Non-Banking Financial Companies in India
NPLs	:	Non- Performing Loans
POS	:	Point of sale
RBI	:	Reserve Bank of India

RBT	:	Resource Based Theory
R & D	:	Research and Development
ROA	:	Return on Assets
ROE	:	Return on Equity
SAP	:	Systems Applications and Products in Data Processing
SIT	:	Service Innovation Triangle
SPSS	:	Statistical Package for Social Sciences
UK	:	United Kingdom
USA	:	United States of America



CHAPTER ONE: INTRODUCTION

1.0 Introduction

This chapter expounds on the background of the study, Statement of the problem, purpose of the study, specific objectives, research hypotheses, scope and the justification of the study.

1.1 Background to the Study

Organizations adopt and implement various strategies for organization performance amongst them innovation strategies (Kurgat, 2017). Innovation has emerged to be a core activity in the current business world. Commercial banks can enhance their profitability, market share and product performance through acts of innovation either through new technologies or new ways of doing things (Kariuki, 2017). Defining innovation, Armstrong & Baron (2014), stated that innovation is about coming up with an improved and new way of doing things. Innovation is about the application of new ideas that lead to invention of another item, services, new business framework or another strategy for the executives which decidedly affect usefulness and development (Drucker, 2014).

The environment in which organizations are operating globally and locally is constantly changing with different factors influencing organization performance (Munafis, Djamil & Walujadi, 2018). This calls for a need for any organization to adopt viable strategies if it is to survive in the competitive business environment. Companies are affected by change factors such that if the environment is altered, this calls for a need to consequently respond. In response to these changes, organizations need to embrace a strategic approach by acting proactively even if it means getting out of their conventional way of doing business and consequently guaranteeing sustainability of services rendered and products offered (Kim & Mauborgne, 2017). The banking sector has continued to face stiff competition mainly from the mobile telephony industry and a decline in profitability given the liberalization and globalization of the economy, tough economic situations coupled with the regulation of the banking sector and the increased political apprehensions and reforms, rivalry from new entrants and technological progression (KBA, 2017).

Research has proved that innovative companies have continued to excel in the competitive business environment, more importantly those organizations that have embraced value innovation strategies. Value innovation is about formation of new market opportunities and expanded client value by redesigning the prevailing markets to realize enhanced worth for clientele (Gebauer, Worch, and Truffer, 2012) and (Ionescu and Ionescu, 2015). Value innovation has an explicit point of accomplishing a competitive advantage by making value to customers as well as creating new market opportunities.

Kim and Mauborgne (2017), states that innovation entails adding value to customers. In the modern competitive business environment, firms have a choice to either innovate or die. Companies should advance across the value chain, not simply in research and development but also in regard to value creation (Fuente, Kauffman & Orunta, 2018). Value innovation is a departure from the conventional way of doing business to a disruptive new way that creates new market opportunities rendering competition irrelevant (Kim & Mauborgne, 2017). Value innovation anchors on envisioning the actual issues, hence rendering competition insignificant. It involves creating extraordinary value for its client (Kim & Mauborgne, 2017).

Value innovation forces ventures to change, refine and upgrade current products to keep organizations in current markets. Innovation or even rolling out little improvements can create market opportunities to an organization and bring the organization into a new market space where nobody else is, hence creating superior positions (Kim & Mauborgne, 2017). Value innovation happens when an organization align innovation to utility, cost and money saving advantages for clients. Organizations that realize value innovation seek variation and minimal cost concurrently. Value innovation seeks to develop the market fundamentally by changing non customers into customers. The way to realizing this is to provide consumers features and components which have at no other time been accessible to them at an affordable cost. Overtime, as economies of scale become effective, costs will consequently decrease even more (Mi, 2015).

Value innovation has proved to have a worthwhile impression on performance of organizations. Kim and Mauborgne (2014), cited the following companies as great innovators: Enron in energy, CNN in news broadcasting, Wal-Mart in retail limiting, Compaq in PCs (after its turnaround), Kinopolis in film, IKEA in furniture retail, Charles Schwab and Co. in venture and investment, Home Depot in home improvement retail, SAP in business application programming, Barnes and Noble in book retailing, Southwest Airlines in short-distance air travel among others. Kinopolis launched 24 inch screen megaplex in US with spacious seats, better viewing and impressive sound system. These value innovations attracted people to draw back to movie theatre at a period when VCRs and home theaters were perceived to be better and more advanced (Whittington, 2011). Wal-Mart adopted new and innovative ways in order to keep its store network ahead of the competitors. In 2016, Wal-Mart introduced mobile payments making shopping faster and easier transforming their customer experience (Pousttchi & Hufenbach, 2012). IKEA made slight modifications to its furniture in order to cater for its customers' needs in China since the Chinese apartments were small. They also sourced for materials locally. In 2004 its revenue in China increased by 40% compared to the year before (Mauborgne, 2014). MTN, the Africa's leading mobile telecoms operator introduced its Mobile Money Insurance solution in 2011, through creation of a mobile App which allows customers to pay for their insurance premiums. The App also allows customers to browse and book accommodation and car rental services using their phones.

Performance of commercial banks can be measured either by financial or non-financial parameters (Inta Kotane, 2015). Financial parameters entail financial analysis such as profitability, debt decrease, liquidity and solvency and the Company's financial health (Kesimli & Gunay, 2011). Performance of commercial banks can also be measured non-financially (Yuliansyah, Shahril & Razimi, 2015). This can be deduced from shareholder's value, market performance, level of sales, number of new or repeat customers, level of product or service innovation, speed of customer service or delivery, efficiency in production, new skills learned by the employees and the number of employees in the organization (Muhlbacher, Siebenaler & wurflingsdobler, 2016).

Globally, the effect of Brexit for the UK and the European Union (EU), including USA being unclear, there is uncertainty in meaningful performance of many banks (Global banking report, 2017) therefore the years ahead demand that banks moves decisively in order to improve profitability. Innovation is key for meaningful improvement of performance. Banks must cope with the numerous challenges related to regulations, disruptive models and advances, new contenders and demanding clients while seeking new procedures for practical development (Deloitte, 2018). Numerous banks, worldwide and native, enormous and small, have changed their market and client procedures because of the monetary demands. Decisions to change market and customer strategies may have arisen due to changing regulatory requirement and not necessarily because of an understanding of markets and customers (GBR, 2017).

The vulnerability over Brexit dealings between the United Kingdom and the European Union is constraining banks to plan for greatest change possibilities that can possibly be operationally problematic, lawfully testing and monetarily demanding (GBR, 2017). In an article by Rajmal, Pallavi Chavan, Radheshyam Verma and Anwasha Das (2017), on Worldwide Banking – Recent Developments and Future Perspectives, they presume that 'the strategy changes alongside the worldwide financial viewpoint will choose the future direction for the worldwide financial framework. Additionally, different other worldwide occasions, such as the execution of Brexit and the connected bearings in regards to the monetary assistance industry, speed and timing of the inversion from the strange financial strategy by the US, successful resolution of financial strain in the fringe European economies and corporate deleveraging in most developing business sector and forming economies like China and India, will shape the worldwide financial standpoint.

From a continental perspective, the service sector is the backbone of Indian economy currently (RBI, 2018). The banking industry in India is sufficiently promoted and adequately capitalized (RBI, 2018). Indian monetary sector completed innovative monetary models like automated payment systems and minimal expenditure banks (Tejasvita, 2013). RBI's new actions might go far in supporting the upgrading of the homebased financial firms. The Government of India in September 2018 introduced India Post Payments Bank (IPPB) towards the accomplishment of monetary inclusiveness objective. This diversified financial services and administration. The

electronic payment systems in India has advanced the greatest amongst 25 nations with India's Immediate Payment Service (IMPS) being the lone framework at level 5 in the Faster Payments Innovation Index (RBI, 2018). These innovations in the banking sector greatly improved Indian economy (RBI, 2018).

China's monetary area has gone through remarkable changes since the execution of the change and opening-up approach (Rajmal, PallaviChavan, Verma and Das, 2017). China's money related system has been led by an incredible financial zone, which has played a critical part in financing the economy in numerous years. China is among the main nations in the improvement of the monetary market (Min, Weidong, Jingong & Xinzhe, 2018). The Greek banking industry has gone through numerous changes too with presentation of liberation, innovative advances and exceptional rivalry, and all these have changed the design and execution of banks (Alexiou & Sofokus, 2009).

The banking sector has been one of the most dominant and regulated industries in Nigeria. Various aspects such as increase in interest rate in the United States of America, dollar rise and increasing expansion concern, US-China exchange question, the Brexit 'no arrangement' menace and higher unrefined petroleum receipts that supported external market have negatively influenced the homegrown economy of Nigeria (CBN,2018). Also, overabundance liquidity endured in the financial framework, influencing homegrown prices and monetary action (CBN, 2017). There has been an increased use of electronic banking in Nigeria hence leading to improved efficiency in the banking sector (CBN, 2018). The increased use of mobile money has proven to be an effective means of increasing financial inclusion among lower-income and geographically remote populations. This population which would otherwise have remained unbanked is able to access banking services through use of mobile banking hence impacting positively on profitability and market share (CBN,2017) It has also facilitated the execution of the monetary policy, since the majority who are in the informal sector are now able to bank. The value of electronic payments, Automatic teller machine and point-of-sale transactions increased tremendously.

The numerous financial regulatory and reforms changes in the Kenyan financial area in the new past have achieved numerous primary changes in the area and have likewise attracted overseas banks to enter and extend their activities in the country (Olweny & Shiphoh, 2011) quoting (Kamau, 2009). Banks in Kenya take a lead in the financial sector and hence their contribution towards the growth of economy is key. (Olweny & Shiphoh, 2011) quoting (Kamau, 2009). Industries, for example, manufacturing and agribusiness essentially depend on the financial sectors for their growth and expansion.

Kenya has 39 commercial banks with about 2,825 Automatic teller machines (ATMs) that are mainly located in urban areas (CBK, 2020). 40% of the banks are located in Nairobi the capital city while the rest are distributed across the major towns in the country (CBK, 2020). The Kenyan banking sector has faced numerous changes in the recent past ranging from governmental regulations, technological changes, increased competition especially from the telephony industry, Micro –finance institutions as well as from Savings and Credit Co-operatives (SACCOs), tough economic situation and the changing consumer trends. Mobile banking has offered customers banking services where customers can save their deposits and borrow loan facilities (Muisyo, Alala & Musiega, 2014), SACCOs have also been able to avail credit facilities as well as safeguard their member’s savings at a lesser cost. These changes are threatening the status quo of the banks and in this regard, they need to respond strategically for them to sustain their profitability, market share as well as improve the shareholders’ return.

M-Pesa, a mobile phone money transfer platform run by Telecommunication Company has made it possible to access financial services since it is easily accessible and the M-pesa agents can be found even in the most remote corners of the country (Ashta, 2011). People in the rural areas before the innovation of M-pesa lacked financial service providers and in some cases, people in the urban areas didn’t operate bank accounts because of the high rates charged by the banks. Banks provides a foundation where individuals can invest, deposit and withdrawal money easily and use it for different purposes. In this case, Mobile banking has become so useful since people can save, deposit and withdraw money directly from their bank accounts using their mobile phones (Nicoletti, 2014). This is likely to boost banks profitability, market share and product performance.

Monetary innovation involves inventing and making use of advanced financial devices, monetary knowledge, establishments and markets which are aimed at improving service delivery in the financial sector (Allen, Barth & Yago, 2012). Currently we are living in digital world where almost everything is being digitized inclusive of how we make payments. A few decades ago, the world was very different; there were no ATMs, no online payment platforms, no credit cards or even the first rising mobile-banking technology (Nicoletti, 2014). Currently, the number of people who have access to bank accounts is increasing by day and all these have been made possible by financial innovations which have brought into existence mobile banking, internet banking and additionally the agency banking. Computers and telecommunication technologies has made possible the development of financial innovations that has greatly reduced the transactions costs and time taken to complete the business transactions.

Given the ever-changing business environment and the different factors influencing organization performance, firms need to think of strategies that will make competition irrelevant by creating and delivering value to customers hence enabling the organization to remain relevant by tapping into the unsatisfied consumer demand through value addition and is on this line that this study seeks to analyze the influence of value innovation strategies on performance of Commercial Banks in Kenya.

1.1.1. Value Innovation Strategies

Value innovation entails making competition insignificant by creating and delivering value to the buyers and the company through expanding the existing markets, opening up uncontested market space as well as tapping into the unsatisfied consumer demand through value innovation (Amit & Zott, 2012). Methodology should zero in on growing existing business sectors or making new market opportunities rather than beating competition. Kim and Mauborgne (2014), assert that organizations that combine technology innovation and customer value innovation stand a better chance of propelling towards sustainable growth and profitability. Value

innovation can be attained through technological innovation, product and service innovation, market innovation and process innovation. Value innovation aims at offering exceptional value to customers.

Value innovation entails formation of new market opportunities and clients' value addition as well as redesigning the current markets in order to realize value upgrades for clients (Gebauer, Worch, and Truffer, 2012). Value innovation has an unmistakable point of realizing superior position by creating client value and new market opportunities (Amit and Zott, 2012). Govindarajan and Trimble (2004), in their research stated that, key innovation can be sought if key checks are planned and firms move from a traditional planning mind-set towards a premise centred planning.

The key aim of value innovation is to drive costs down while at the same time increase value for purchasers. Value innovation is the foundation of blue ocean methodology. Companies seek blue Ocean through value innovation (Mi, 2015). Value innovation can be realised when an organization's utility, cost and cost structures are appropriately adjusted. This entire framework methodology makes the realization of blue oceans viable in that it coordinates all the organization's practical and operative functionalities (Amit & Zott, 2012). Value innovation system has been considered by numerous researchers as a decent technique for organizations to make uncontested market space in which rivalry is immaterial. Weinstein (2013), suggested that, accurately describing the market space for organizations enables them discover a business they can control. Numerous researchers demonstrate that applying value innovation technique can make a company increasingly gainful while enhancing cost structure (Maturia & Oeba, 2012).

Pursuing value innovation makes companies more profitable and sustainable. To avoid contending forcefully for place in the current markets (red oceans), many organizations endeavor to make new market space that is uncontested (value innovation technique) and hence increase the chances of becoming more profitable (Ellen, 2012). Blue ocean system encourages

organization to discover and deliver innovative products to the market. Organizations make blue ocean through value innovation.

Value innovation forces ventures to change, refine and upgrade current products to keep organizations in current markets. Innovation or even rolling out little improvements can create market opportunities to an organization and bring the organization into a new market space where nobody else is, hence creating superior positions (Kim & Mauborgne, 2017). Value innovation happens when an organization align innovation to utility, cost and money saving advantages for clients. Organizations that realize value innovation seek variation and minimal cost concurrently. Value innovation seeks to develop the market fundamentally by changing non customers into customers. The way to realizing this is to provide consumers features and components which have at no other time been accessible to them at an affordable cost. Overtime, as economies of scale become effective, costs will consequently decrease even more (Hughes, 2010).

Innovation necessitates a progression of co-evolution between technology and cultural perspectives (Garud, Tuertscher & Van de Ven, 2013). A strong unified structures tactic relays to learning, relations, dynamic and systemic features of innovation. Technology is an essential ingredient towards the capacity to innovate and therefore it is viewed as a major source of new product innovation and competitive advantage which enhances the performance of an organization (Trimi & Berbegal-Mirabent, 2012). Reputable companies such as Deloitte, Coca-Cola, Procter & Gamble and HP are using value innovation in pursuit for new business segments. Value innovation is about identifying and recognizing the unexploited potential of existing or new market spaces and creating value to the customers in those market spaces while at the same time making competition irrelevant (Ellen, 2012). Kim & Mauborgne (2017), cited some value innovation initiatives which have been greatly rewarding as; Mac Computer contributing a 60% portion of the electronic music industry with its iPod computerized music player and I Tunes advanced music store, Ford introducing the Model T in 1908 at a lower value contrasted with existing vehicles. CNN introducing constant news all day, every day in 1980 and the dispatch of the 24-screen Megaplex in the United States in 1995 by American Multi-Cinema Inc. by giving

overwhelming seating, improved vision and incredible sound capacities, the Megaplex took people back to the film when VCRs and home auditoriums were accepted to rule (Whittington, 2011). The consistent development and high benefits are not an outcome of being in appealing enterprises or of making enormous responsibilities in the most recent innovation but being in forefront in offering superior value to customers.

The disruptive strategic innovation is plainly the more forceful approach for building superior position in the market space. Recently created markets don't contain any competitors yet and superior position is accordingly naturally made. Steady key innovation is additionally aimed for creating superior position however does not intend to interrupt the current market. Value enhancements are made on the current consumers and markets in incremental strategic innovation. Firms that work with a more disruptive typology of vital advancement, shape the hierarchical culture along these lines framing unrivaled position as the key target (Kemoli, 2012). Principal vital advancements by market-driven firms are often connected with new members in an industry, for instance, Charles Schwab, Dell, or Amazon (Rothaermel, 2013). The adaptable components between the firm drivers and individual drivers are addressed by the examination and the interpretation of point of view, aiming at realizing superior position through investigating and exploiting prospects at the same time (Amit & Zott, 2012).

Innovation necessitates a cycle of co-advancement among innovation and social viewpoints (Garud, Tuertscher and Van de Ven, 2013). A solid incorporated frameworks approach identifies with learning, relations, dynamic and fundamental units of advancement. Technology is an essential ingredient towards the capacity to innovate and therefore it is viewed as a major source of new product innovation and competitive advantage which enhances the performance of an organization (Trimi & Berbegal-Mirabent, 2012). Value innovation strategy has emerged to be fruitful in many companies such as Kinopolis, WalMart, Ikea, Amazon, Dell, Enterprise Rental Car, eBay, General Electric, Home Depot, Microsoft, Southwest Airlines, Starbucks, Virgin Group, SAP, Apple, Safaricom-Mpesa among others.

Value innovation is associated to blue-ocean strategy in that like blue ocean strategy, value innovation emphasizes on getting out of conventional market space by increasing value to customers rather than focusing on beating the rivals in the conventional market space (Kim & Mauborgne, 2017). Numerous aspects such as technology, globalization and liberalization of the economy, price wars and diminishing marketplace are aspects prompting corporations to select their unsurpassed alternative and their goal is to generate a new demand and divert from the competition. Kim and Mauborgne (2014) in their study based on American brands concluded that various brands were generally becoming more similar and people could not distinguish products and services in terms of quality but only distinguished them in terms of their prices. For instance, people no longer insisted on that their clothing cleanser be Tide, nor would they essentially stick to Colgate when Crest is at a bargain and the other way around.

Porter (2014), notes the response and reaction towards current economy and environmental changes. He observes operational reactions as a component of an arranging cycle that facilitates operational objectives with those of the bigger association in mind. The main explanations why markets change swiftly are that customers demand for new needs and wants due to changing taste and preferences, new rivals enter a market, new technologies develop hence new products can be made, events such as war happen and government introduce new legislation (Andriof & Waddock, 2017). Strategic responses involve long-term direction which organizations adopt to gain competitive edge in the dynamic business environment by using resources and core competencies to fulfil stakeholder expectations (Greenstein, Shane & Stango, 2012). Reasons of adopting strategic responses include; clear direction to employees of the organization founded on the vision, mission and core values of the association hence synergy among employees, capability of the business to adjust in the shifting business situation, ability of the business to roll out new items and services and the ability of the organization to understand the sector in which they operate in terms of suppliers, buyers, new entrants, competitors thus respond effectively to challenges that may influence business activities (Kotler & Keller, 2012). Strategic responses help organizations to realize economies of scale and to expand their marketplace in the domestic and international markets (Greenstein, Shane & Stango, 2012).

Companies will overcome the challenge of service breakdown among customers by adopting effective strategies in the turbulent business environment. Due to stiff competition from new entrants in the sector and changing customer needs, organizations should adopt effective strategies geared towards quality service delivery and customers satisfaction in order to remain competitive (Kemoli, 2012). As the market space becomes congested, returns shrink and prospects for progress diminish; products become commodities and price wars dominate (Schreier, 2010). This implies that the business setting in which most strategies and administration approaches evolved is rapidly diminishing due to increased competition in the known market space hence the dire need for companies to be innovative if they are to survive in the competitive market space.

1.1.2 Performance of Commercial Banks

Organization performance alludes to how well an association accomplishes its market-oriented and financial objectives. Organization performance implies fulfilment of main goals of the organization as laid out in the strategic plan. Generally, the idea of organization performance depends on the assumption that there is a close association between the organization and its valuable resources, including human, physical, and capital assets in order to realize its intended goal (Wang, Wang & Liang, 2014).

At the point when the industry isn't developing, the organization can still grow its sales by expanding its share of the overall industry such development in market share prompts a development in incomes which over the long run can be employed as a measure of performance. Organization performance can be employed to perceive how an enterprise is getting along regarding dimension of benefits, product quality and market share relative to other ventures in a similar industry. Subsequently, it is an impression of profitability of an enterprise estimated in regards to income, benefit, development, advancement and growth of the organization (Muhlbacher, et al., 2016).

Performance can be described from four points of view which are the financial, customer, internal procedures and innovativeness (Sainaghi, Phillips & Corti, 2013). The monetary point of view recognizes the key financial drivers of performance which include profit margins, resource turnover, leverage, income and working capital, Customer centred portrays performance in terms of brand image, consumer loyalty and client retention. Internal procedures include the efficiency of the considerable number of frameworks in the organization while innovativeness is concerned about the simplicity with which a firm can adjust to evolving conditions.

Robert Kaplan and David Norton (2015) on the success of the balanced score card model explains the motive of measuring performance using other parameters other than fiscal reports. Balanced score card enables one to quantify aspects that create value in an enterprise hence enhancing organization performance. Balanced score card measures performance indicators under four perspectives which include financial, customer, internal processes and innovation and learning perspectives. The financial aspect is based on historical figures hence does not reveal the present business position and does not offer estimates for future performance. However, financial measures are still noteworthy since there is no surety that enhanced business operations such as embracing innovations will definitely lead to financial success. Profitability of an enterprise is essential for its success, hence cannot be disregarded. Profitability, return on assets, return on investment, income, and cash flow are used as the financial indicators for performance .

Client perspective is another performance indicator which emphasis on strategic engagements crucial towards providing value to the customers. Organizations should focus on business activities and operations that meet customer expectations leading to customer satisfaction since this will spur repeat business and consequently improved profit margins. Kaplan and Norton (2015) emphasize that firms should focus on business activities and operations that enhance customer fulfillment. Level of customer retention, customer satisfaction, customer acquisition and market segment are the non-financial indicators of performance under the client perspective.

Internal perspective is another aspect of performance which revolves around practices within the firm that are crucial in the fulfillment of the client and shareholder goals. Internal business perspective defines the key business activities and operations that provide the organization's goods and services to their customers in the most effective and efficient way. The measures within this aspect entails the business inventions, operations and post-sale service. Innovation and learning viewpoint define the organization's capability to constantly advance and innovate. The learning perspective focuses on framing goals and actions that inspire learning in a firm. This non- financial indicator is measured by employee competences, motivation and the information systems in an organization. How competent and motivated employees are as well as the level of innovativeness are essential aspects towards organization performance. Scorecard model provides an organization with essential implements that translate strategy into a scorecard through which an organization measure its progress towards the attainment of its objectives, communicates issues and achievements to the relevant stakeholders and ascertain the cause of concerns (Abdul, Jaber, & Akour, 2017).

A company's performance isn't just shown by the sales figures, relatively, variations in sales may essentially reveal changes in the market size or changes in financial situations (Harzing, 2010). Performance of a company in respect to competitors is estimated by the extent of the market that the firm can occupy (market share). Sales may be measured on a value base or a unit base, keeping in mind that the company's sales figures are promptly accessible while total market sales is increasingly hard to define. A number of organizations try to expand their business with respect to competitors. A company may try to expand its market share in order exploit the economies of scale. Working in higher volumes can be helpful in building up a cost preferred standpoint. Growth in sales in a stale industry is a motivation to expand market share (Harzing, 2010)

Performance of commercial banks can be measured either by financial or non-financial parameters (Inta Kotane, 2015). Financial parameters entail financial analysis such as

profitability, debt decrease, liquidity and solvency and the Company's financial health (Kesimli & Gunay, 2011). Profitability is the degree to which a firm makes profit from the input of the various factors of production. Profitability is measured from the rate of return on assets (ROA), the profit margins either gross or the net profit or by using the return on equity or investment (ROE) / (ROI). Profitability enhances the survival rate of a business.

Debt decrease shows the ability of the firm to repay its debts from the firms' income (Kesimli & Gunay, 2011). It is important since it can be used to project the ability of the firm to service additional debts. If the debts of a firm are on the rise compared with the ability to repay the debts then the firm experiences cash flow constraints leading to a decline in the performance of the firm (Kesimli & Gunay, 2011). Debt to asset ratio can be used to measure the ability of the firm to repay its debts.

Liquidity of the firm is the capacity of the business to settle its monetary commitments as they fall due without diverting the proprietor's value (Kesimli and Gunay, 2011). Failure of a business to meet its present financial responsibilities affects its operations adversely leading to poor performance. Liquidity is measured using current ratio, quick ratio, receivable collection period or payables period (Sanghani, 2014). Solvency entails measuring long term debt against the organization's assets and equity in order to determine its financial stability. Dissolvability is estimated, utilizing obligation to resource proportion, the value to resource proportion and the obligation to value proportion which is otherwise called the influence proportion. The obligation to resource proportion communicates about all liabilities the business has to the proportion of the total assets. A low debt to assets ratio is an indicator of good business performance.

Performance of commercial banks can also be measured non-financially (Yuliansyah, Shahril& Razimi, 2015). This can be deduced from shareholder's value, market performance, level of sales, number of new or repeat customers, level of product or service innovation, speed of customer service or delivery, efficiency in production, new skills learned by the employees and the number of employees in the organization (Muhlbacher et al, 2016). Growth in employees'

number is the most common non-monetary aspect that is utilized by small business enterprises to measure performance (Bala & Venkatesh, 2013). The rationale is that a firm will engage more employees if it is making high profits. Non-financial indicators can be measured using a balance score card (Inta Kotane, 2015). In this study both financial and non-financial parameters were measured. Profitability of the commercial banks was considered as the financial parameter whereas market share and product performance was considered as the non-financial parameters.

1.1.3 Commercial Banks in Kenya

In Kenya the monetary sector is represented by the banking act, the organizations act, the central bank of Kenya act and different prudential rules that are set out by the Central bank. The central bank is the general controller of the monetary framework in Kenya including the significant banking institutions and other monetary foundations. Business banks are authorized and directed under the Banking Act cap 488 (CBK, 2021). The CBK publishes policy guidelines regulating interest rates and other inventory issues. Kenya's monetary area is generally bank based as the capital market is still little (Olweny and Shipho, 2011) citing (Ngugi and Mwege, 2006). The financial area was changed in 1995 and trade controls lifted. The CBK, under the agenda of the Minister for Finance plans and carries out the money related arrangement and encourages the liquidity, dissolvability and appropriate working of the monetary framework. The Kenyan financial zone contain 39 commercial banks, 1 mortgage investment institution, 14 microfinance banks, 9 delegate workplaces of foreign banks, 69 foreign exchange authorities, 19 cash settlement dealers and 3 credit reference agencies (CBK, 2021). The banks in Kenya are under one umbrella of Kenya Bankers Association (KBA), which fills in as an entrance for the financial area's inclinations.

The Central Bank of Kenya further arranges business banks dependent on their portion of the net resources, capital and provisions, client reserves, number of credits and accounts, advances and pre-charge benefits. It groups them into three unique classifications which are Tier 1, Tier 2 and Tier 3 banks (CBK, 2021). Level 1 banks are enormous banks that have billions in resources and are not prone to fall monetarily. They are the 9 top banks in Kenya and control over 75% of

the financial market (CBK 2020). Tier 2 banks are medium-sized banks and have the potential of advancing to tier 1 category. They are 9 medium-sized banks in Kenya and control around 18% of the financial market while tier 3 consists of trivial banks in Kenya. There are 21 in number and they control around 7 % of the financial market.

Tier 1 banks in Kenya include Kenya Commercial Bank, Equity Bank, Absa Bank Ltd, Standard Chartered Bank, CFC Stanbic Bank, Cooperative Bank, NCBA Bank, I & M Bank and Diamond Trust Bank. They accumulate assets worth hundreds of billions of cash and millions of customers. For instance, Co-operative bank has an asset base of more than 390 billion, Standard Chartered above 220 billion, Equity Bank above 280 billion, Kenya Commercial Bank above 366 billion, Barclays Bank above 250 billion, Commercial Bank of Africa above 230 billion, and Diamond Trust Bank above 160 billion.

Tier 2 banks in Kenya comprise of Eco Bank, Family Bank, Citi Bank, Prime Bank, Housing Finance Corporation Ltd, National Bank, Bank of Baroda, SBM Bank and Bank of India. Their asset base is lower than that of Tier 1 banks, for instance Eco Bank 53.5 billion, Family Bank 69.1 billion, I&M Bank 184 billion, Citi Bank 98.3 billion, Prime Bank 76.4 billion, Housing Finance Bank 62.2 billion, National Bank 110 billion, Bank of Baroda 96.1 billion and Bank of India 56.7 billion whereas Tier 3 banks includes Bank of Africa, African Banking Corporation Ltd, Jamii Bora Bank, Paramount Universal Bank, Consolidated Bank, Credit Bank, Development Bank, Guardian Bank, Transnational Bank, Victoria Commercial Bank Ltd, Oriental Commercial Bank, Gulf African Bank, Guaranty Trust Bank (K) Ltd, First Community Bank, Equatorial Bank, UBA Kenya Bank Ltd, SBM Bank (K) Ltd, DIB Bank (K) Ltd, Spire Bank, Habib Bank AG Zurich, Sidian Bank and United Bank of Africa. (CBK, 2020).

The numerous financial regulatory and reforms changes in the Kenyan financial area in the new past have achieved numerous primary changes in the area and have likewise attracted overseas banks to enter and extend their activities in the country (Olweny & Shipho, 2011) quoting (Kamau, 2009). Banks in Kenya take a lead in the financial sector and hence their contribution

towards the growth of economy is key. (Olweny & Shiphoo, 2011) quoting (Kamau, 2009). Industries, for example, manufacturing and agribusiness essentially depend on the financial sectors for their growth and expansion.

1.2 Statement of the Problem

Given the numerous entrants in the financial industry especially from the mobile telephony, the changing consumer demands, technological and economic dynamics as well as regulatory constraints, banks need to reposition themselves and come up with strategies that will enable them to survive and boost their performance in the competitive business environment and consequently adding value to their customers.

The performance trend according to CBK reports shows a decline in profit and income from the Commercial banks in Kenya and a rise on bad debts. For instance, as at the end of financial year 2015 profit before tax from Commercial banks in Kenya declined by 5% from 141.1 billion in 2014 to 134 billion in 2015. In the financial year 2017 profit before tax declined by 10% from 147.4 billion in 2016 to 133.2 billion in 2017. The level of loans uptake in financial year 2017, also decreased by 6% from 2,293.1 billion in 2016 to 2,158.5 billion in 2017. The level of bad debts increased by 36% from 108.3 billion in 2014 to 147.3 billion in 2015. The same negative trend was retained in consequent years with the level of non-performing loans (NPLs) increasing by 23% from 214.3 billion in 2016 to 264.6 billion in 2017 (CBK, 2017). Year 2018 shows a very minimal increase in pre-tax profit from 133.2 billion in 2017 to 152.7 billion in 2018 (CBK, 2018) and the same minimal increase was noted in 2019 where pre-tax profit rose from 152.7 billion to 159.1 billion as well as minimal improvement on the level bad debts by 0.2% (CBK,2019). Consequently, there was very minimal increase in profitability in 2021 from 134.1 B in 2020 to 149.2 B in 2021 (CBK,2021) The minimal profit and income from the finance segment was as a consequence of increased investment in government securities. The rate of lending in private sector and to individuals was on decline.

Profitability of Banks in Tier 2 which are the banks with a potential of advancing to Tier 1 category is on decline while the level of non-performing loans is on the rise. For instance, Profit before tax of HFC decreased by 72 % in 2017 from 1.4 billion in 2016 to 393 Million in 2017 while the level of non-performing loans increased by 33% from 6.2 billion in 2016 to 8.2 billion in 2017. Loss before tax made by HFC in 2018 was 642.7 million and consequently made a loss of 137.8 million in 2019 whereas the asset base decreased from 68 billion in 2017 to 62 billion in 2018 due to decreased borrowing. This declining trend applies to most of the banks in Tier 2. Tier 1 banks accounted for 89.8 % of the total pre-tax profit, whereas the share of total pre-tax profit of Tier 2 banks decreased to 11.2 % from 15.08 % due to National Bank of Kenya Ltd, which made a loss of Ksh.821.2 million in December 2019, as compared to a profit of Ksh.587.5 million in December 2018. The merger between NIC Bank and Commercial Bank of Africa also contributed to the reduced market share and profitability of Tier 2 banks. (CBK, 2019). Similarly in the consequent years these banks continued to experience a decline in profitability mainly in the face of Covid-19 pandemic (CBK,2021)

The number of Commercial banks went down from 43 to 39 due to capital inadequacy and mal practices (CBK, 2018). Additionally, a number of banks closed down some of their branches due to high operation cost compared to profit generated. In 2017, a total of 39 branches were closed down by various Commercial Banks in Kenya. For instance, Bank of Africa closed down the majority of branches where it closed down 12 branches followed closely by Eco-bank which closed down 9 branches. This massive closure of branches by various Commercial Banks in Kenya led to a loss of 1,620 jobs whereas in 2018, 42 branches were closed down leading to a loss of 1,720 jobs (CBK, 2018). Restructuring of loans in the face of Covid-19 and this meant delay of interest payable to banks by borrows hence a reduction in profitability (CBK, 2021). The number of bank employees also went down. With the embracement of value innovation strategies, the performance of commercial banks in Kenya is likely to improve significantly.

Profits, growth and expansion are critical in any business and hence need to employ value to avoid unnecessary competition which is causing banks to stagnate in profitability, growth and expansion. This is clearly noted through big banks such as National Bank of Kenya, Housing Finance

Corporation among others which have the potential of advancing to Tier 1 category. Therefore, this study seeks to analyze the influence of value innovation strategies on performance of Commercial Banks in Kenya.

1.3 Purpose of the Study

To analyze influence of value innovation strategies on performance of Commercial Banks in Kenya

1.4 Objectives of the Study

This study was led by the ensuing specific objectives:

- i. To examine influence of processes innovation strategy on performance of Commercial Banks, Kenya.
- ii. To investigate influence of technological change strategy on performance of Commercial Banks, Kenya.
- iii. To assess influence of positioning strategy on performance of Commercial Banks, Kenya.
- iv. To examine influence of strategic alliance on performance of Commercial Banks, Kenya.
- v. To examine the moderating effect of government regulation on association between value innovation strategies and performance of Commercial Banks, Kenya.

1.5 Research Hypotheses

The study tested the following null hypotheses;

H01: There is no statistically significant relationship between processes innovation strategy and performance of Commercial Banks, Kenya.

H02: There is no statistically significant relationship between technological change strategy and performance of Commercial Banks, Kenya.

H03: There is no statistically significant relationship between positioning strategy and performance of Commercial Banks, Kenya.

H04: There is no statistically significant relationship between strategic alliance and performance of Commercial Banks, Kenya.

H05: There is no statistically significant moderating effect of government regulations on association between value innovation strategies and performance of Commercial Banks, Kenya.

1.6 Significance of the Study

The business Sector

The findings will provide the management with a reference point on how effective value innovation strategies can be towards the enhancement of the organization performance given the high level of competition. It will give insights regarding on how to create value to customers rather than competing on basis of pricing. Additionally, the results of this study may be of essence to various establishments and entrepreneurs as an instrument for strategic planning and execution.

Academicians and Researchers

The academicians and researchers can employ the results of the study as a foundation of existing literature for further research in the same or related area. The study provides empirical and theoretical framework for research in value innovation.

The Government of Kenya

An understanding of the various value innovation strategies is key towards designing appropriate policies that will enable the government to deliver appropriate innovations directed to the advancement of the economy. The government is a key player in economic growth necessitating the need to embrace innovation in the ever changing and dynamic environment. The findings of the study, will act as guidance to the government in founding changes that would make investment in innovation worth.

Public Sector and Customers

The outcomes of the research will offer beneficial material to the general public and customers who seek value addition from products and services offered by business organizations. This will facilitate their choice and purchase decision.

Banking Sector

The goal of any business is to make profit, widen its market share and enhance shareholder's wealth and product performance. The banking sector is not exceptional either, hence banks have to adopt strategies that will enable them remain profitable, build on their market share, enhance the shareholder's wealth and product performance. Coupled with the growing competition and regulations in the banking sector, banks need to adopt strategies that will enable them remain relevant in the competitive business environment. The adoption of value innovation strategies given the competitive business environment can enable an organization create and raise the utility of a product or a service or reduce and eliminate products that are less cherished by the existing and the imminent markets as well as positioning the organization strategically and pioneering in provision of items and services that increase worth to clients.

The motivation of this research study is to seek clarity and an understanding whether banks have adopted the value innovation strategies given the stiff competition in the sector and if they have adopted the strategies what influence have these strategies had on organization performance. The banks were chosen for this study because of the rising competition in the industry particularly from the non-bank monetary associations, SACCOs as well as from the mobile telephony. More over the changing banking regulations such as the interest rates capping, increase in reserve deposit requirement and increased coverage for bad debts and taking into account the great role they play towards economic development of a nation. Given the above concerns, it is paramount for the banks to departure from their status quo which entails competing in terms of pricing and adopt value innovation strategies that will enable them remain relevant in the competitive and turbulent business environment.

1.7 Scope of the study

The study covered Commercial Banks in Kenya both the local and the foreign owned commercial banks. There are 39 Commercial Banks in Kenya. The study limited its scope to the Tier 2 banks in Kenya. There are 9 Tier 2 banks in Kenya. These are the medium-sized banks that control around 18% of the market share in the banking industry. The banks have a potential of advancing to Tier 1 category if the right strategies are put in place. The Geographical scope of the study was limited to the banks in Nairobi-Kenya. Data was collected from Tier 2 bank's head offices located in Nairobi. Most Commercial Banks in Kenya have their head office or at least a branch in Nairobi. The conceptual scope of this study was limited to value innovation strategies which include processes innovation strategy, technological change strategy, positioning strategy and strategic alliance as the independent variables, government regulations as the moderating variable and performance of Commercial Banks in Kenya as the dependent variable. The views of the dynamic capability theory, diffusion of innovation theory and Reconstructionist theory were incorporated in this study.

1.8 Limitations of the Study

The study was restricted to the banking sector due to its important contribution towards the Country's economy. Different sectors of economy operate under different business environments which are constantly changing hence the study results were limited only to the Commercial Banks in Kenya. The study results will be useful in enhancing the performance of Commercial Banks in Kenya given the challenging business environment and the regulatory requirements in the sector.

The study was limited by the level of confidentiality that needs to be upheld in regard to exposing bank information. The respondents may hold vital information which to them appear to be confidential and sensitive.

Questionnaires were used to collect data from the primary sources and therefore the issue of reliability might arise regarding the responses from the respondents on whether they undertook the exercise with the desired level of preciseness and whether themselves completed the questionnaires without delegating to a third party.

1.9 Delimitations of the Study

To counter the possibility of respondents withholding vital information, the purpose of the study was clarified to the management and to the respondents. Permission to carry out the research was also sought from the relevant authority.

A pilot study was done to test the validity of the questionnaire and to establish whether the data collection instrument was viable in testing what it was supposed to test. Secondary data was also used to validate the responses from the respondents. Cronbach's Alpha coefficient was used to test the reliability of the data.

Operational Definition of Key Terms

Agency banking – It entails contracting of a retail or postal outlet by a monetary establishment or a versatile organization administrator to handle bank customers' exchanges. The owner or the specialist at the retail outlet manages exchanges like stores, withdrawals, reserves moves, charge installments or record balance request. The retail outlets utilized as bank specialists incorporate drug stores, grocery stores, corner shops, lottery outlets and mail depots.

Balanced score card- A tool that is used to quantify aspects of business execution such as internal processes, acquisition of viable knowledge and being customer focus that is essential in creating value in an enterprise hence enhancing organization performance.

Big data- Data sets that is complex and large in nature such that, traditional data processing application software's are unable to effectively deal with the data.

Block chain technology- A distributed ledger that allow for exchange of value between parties

Business innovation- A process via which an organization introduce new ideas, workflows, methodologies, services or products.

Conventional Logic Theory -Explains the tendencies of companies concentrating on coordinating and beating their opponents rather than pursuing innovations that create value to customers.

Dynamic Capability Theory (DCT) – Advances the resource based theory which basically is a static hypothesis since it doesn't clarify the advancement over time of the assets and capacities that structure the premise of competitive advantage though DCT sees the establishment's capability to arrange, structure, and reconfigure interior and outside capacities to address the fast varying surroundings.

Diffusion of Innovation Theory (DIT) - It is a model that clarifies the interaction wherein developments in innovation are embraced by clients. Innovation entails recreation of an idea by making it appear new. The theory takes into consideration various attributes that are associated with technological innovations and that influence the rate at which innovations spread.

Internet banking - utilization of the Internet to convey banking exercises, for example, reserves move, taking care of bills, financial records balance, paying home loans and buying monetary

instruments and testaments of stores through use of personal computers, telephones and fax machines.

Mobile banking: Use of a mobile phone to carry out banking activities such as withdrawal and deposit of funds, payment of bills.

Organizational performance- Organization performance implies fulfillment of main goals of the organization as laid out in the strategic plan. It denotes to how well an organization realizes its financial and market-oriented goals.

Perceived innovation similarity: the level, a development supposedly is unsurprising with the current characteristics, past practices and necessities of anticipated adopters.

Perceived innovation complexity: The level to which an innovation is seen as generally hard to comprehend and utilize.

Perceived innovation recognizability: The degree to which the consequences of a development are apparent to other people.

Perceived innovation proportional benefit: This is the level in which an invention is seen as superior to the thought it succeeds.

Perceived innovation trainability: The extent to which an innovation may be tried with. It involves trying the new ideas on the implementation plan.

Positioning strategies- are differentiation procedures that lead to creation of unique ways that are valuable to customers and that can be sustained.

Process innovation- a firm's way of presenting new ideas, work processes, strategies, products and services in order to enhance existing processes, product and services so as to tackle a challenge or attract new customers

Reconstructionist Theory- under Reconstructions, organizations never utilize rivalry as the yardstick but instead they make it unessential by making a hedge in worth for the purchasers and the actual organization.

Resource based theory (RBT) - A model that ascertain firms within an industry control heterogeneous strategic resources and suggests that access to these assets advances the person's

capacity to differentiate and follow up on found freedoms and thus better execution can exclusively be credited to the extraordinary assets and abilities that the firm possess.

Strategic alliances- sharing of information and skills between legitimately independent firms to decrease hazard and expenses in fundamental regions like associations with providers, improvement of existing items and new developments.

Technological strategy -A technology-oriented strategy places a lot of emphasis on R&D and new product growth and a need to be the technological leader in the market.

Theory of Reasoned Action (TRA): It provides a model through which individual intentions to perform behavior can be predicted based on the individual's behavior on the grounds of his attitudes and beliefs.

Tier 1 Banks- These are huge banks in Kenya that have billions in assets and millions of customers and are not likely to collapse financially. There are 9 tier 1 financial institutions in Kenya.

Tier 2 Banks- These are the middle-sized banks in Kenya. There are 9 tier 2 banks in Kenya.

Tier 3 Banks- They consists of small banks in Kenya; there are 21 Tier 3 banks in Kenya.

Value innovation- It is defined as the creation of new market opportunities and increasing customer value as well as reshaping the current business sectors to accomplish esteem enhancements for clients.

CHAPTER TWO: LITERATURE REVIEW

2.0 Introduction

This chapter reviews literature guided by the objectives of the study and expounds on the theoretical underpinning of the study as well as the conceptual framework.

2.1 Theoretical Review

Theories form the basis on which a study is undertaken. Theories are framed to describe, envisage and understand phenomena as well as to problem and expand present knowledge within the confines of critical bounding assumptions. This research was led by the ensuing theories; dynamic capability theory, diffusion of innovation theory and Reconstructionist view theory. The theories capture the indicators that trigger value innovation and present the typologies that lead to performance of Commercial banks in Kenya.

2.1.1 Dynamic Capability Theory

Dynamic capability theory was put forward by Teece and Pisano (1994). Dynamic capabilities allude to an organization's capacity that empowers it to foster new items and cycles in line with the dynamic and changing market situation. In order to do so firms need to possess assets and resources such as skills, procedures and structures that are rare, unique and difficult to imitate. This enables the firm to align its unique resources or competences to the dynamic and changing business environment. This theory clarifies how firms can organize, structure, and redesign inside and peripheral abilities to discourse quickly varying conditions (Akram, Siddiqui, Nawaz, Ghauri & Cheema, 2011). The Dynamic capability paradigm embraces entrepreneurship, innovation, organizational learning, knowledge and change management (Teece, 2010). The advent of the theory was compelled by the inadequacy of the resource-based theory and action-based theory to address the dynamic and changing economies. Dynamic capabilities are critical to long-term

profitability of firms. Dynamic capabilities enable firms to profitably organize its resources, capabilities and other possessions enhancing the sustainability of the firm in the rapidly changing business environment.

A vital asset is a resource that is beneficial hence it enables an organization to develop systems that exploit opportunities and minimize threats; hence resource gets in to the hands of few or no other competitor, difficult to imitate subsequently difficult to duplicate since they advance after some time and they reflect one of a kind aspects of the organization and non-substitutable. Subsequently contenders can't find elective ways to deal with the benefits that an asset gives (Yolles & Fink, 2011). The hypothesis focuses on the significance of association's ability to get acquainted with their procedures and execution measure to respond to outer environment, to screen the market, screen customers and contenders and circulate asset to exhibiting exercises in order to retort to shifting monetary circumstances in a radical way, surveying whether organization's structures direct the association to respond quickly to variations on the lookout and advance rapidly, considering changes in its business needs (Gibson & Birkinshaw, 2004).

This theory is applicable in the study in that it stresses on the importance of dynamism in an organization and therefore the firm's capacity to adjust to variations in the business setting. The theory is relevant in the implementation of processes innovation strategy since an organization need to possess adequate resources both human and capital in order to drive the strategy where the firm needs to initiate innovative processes that will enable it depart from its status quo and stop being confined by its conventional boundaries and hence pursue innovative processes that create value to its customers (Martelo, Barroso & Cepeda, 2013). In this regard, the resources should be unique, not easy to imitate or to substitute. There should be the availability of trained, adequate and competent employees to drive the goals. This theory implies that resources are important towards enhancing the performance of an organization. The firm's strategies should be capable to reacts to the demands of the variations in the business setting by initiating relevant and innovative processes hence enhancing organizational performance (Martelo, et al., 2013).

2.1.2 Diffusion of Innovation Theory (DIT)

The theory considers various features related to technological advancements and those known to impact the rate of appropriation of the inventions and adoption of innovations (Rogers, 2003) and he considered innovations as a knowledge, dealing or item which is seen as new by a person or an organization. His definition of innovation originated from communication in his attempt to explain how after some time a thought or an item gets dynamism and diffuses through a specific people or social system provoking the reception of the thought or thing.

The way to adoption is that the idea, conduct, or item should be seen as new or inventive. These attributes of innovation are relative favorable position which entails the level where an invention is viewed as greater than the thought, set, or thing it replaces, likeness which is a proportion of how unsurprising the advancement and its characteristics, experiences and needs match with the possible users, teachability which is a degree of how problematic the development is to appreciate and use, trainability which is the extend the development can be attempted or investigated on various ways before a confirmation to embrace is made, obviousness which is how much the advancement gives generous and perceptible results and security/confidentiality which is the extent to which the innovation cannot be easily imitated (Rogers, 2003).

Under this theory there are five established adopter categories. They include; Innovators who comprise of those who want to be the first to try the innovation and therefore often they are the first to grow new thoughts, Early adopters who represent opinion pioneers and therefore are willing and ready to embrace change opportunities, Early majority who must be provided with proof that innovation works before they willingly accept it, Late larger part who are extremely critical to change and will consequently just receive an advancement after it has been attempted by the lion's share and the Laggards who are so unbending and regular towards development subsequently they are wary of progress and are the difficult group to influence to come on board (Rosemary,2017).

This theory stresses on the importance of communication of an innovation and innovation adoption in an organization and therefore the organization's ability to adjust to variations in the business setting by being innovators (Rosemary, 2017). The firm's strategies should be capable of responding to the demands of the dynamic business situation. Therefore, given the stiff competition and regulations in the banking sector the strategies in place should be those that are innovative and enhance worth to clienteles and are able to address the unique and diversified needs of the target market so as to boost organizational performance. This theory is relevant in the implementation of technological change strategy since customers should be able to see the need of adapting a certain technology through the value it adds to them. The innovation should therefore be perceived by the customer as useful and easy to understand. The innovation should also be one that makes the customer feel secure, valued and eases the transaction process. Rogers (2003), identified knowledge, decision, implementation and approval as essential aspects in the innovation process.

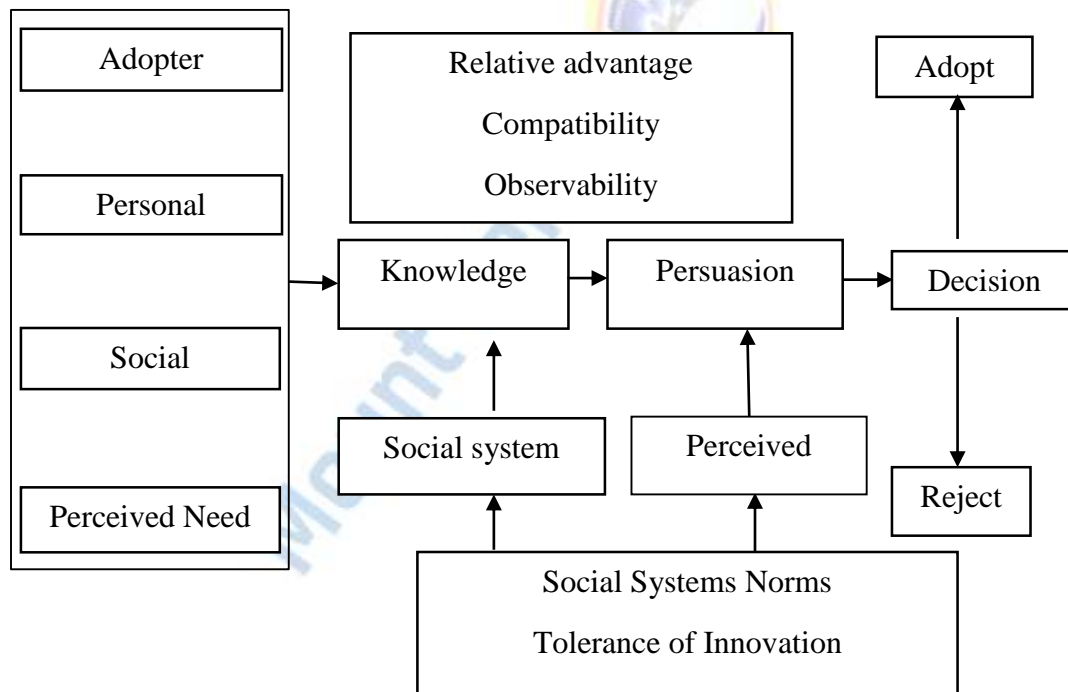


Figure 1: Diffusion of Innovation Theory (DIT)

Source: Rogers (2003)

2.1.3 Reconstructionist Theory

Reconstructionist theory contrasts the conventional logic theory where companies play by traditional rules. Kim & Mauborgne (2014), explains conventional logic theory by pointing out how, many companies concentrate on matching and even going beyond their competitors and as a result of this, their approaches tend to drift to the same dimensions resulting to head-to-head rivalry. Such companies compete mainly on pricing, cost reduction and product quality which is a conventional approach. Kim & Mauborgne (2014), assert that rather than scanning for opportunities within the ordinary confines of industry rivalry. Managers can go systematically beyond those confines in order to realize a vacant area that represent genuine value innovation hence breaking free from the conventional approach and discovering new market space and hence offering what value conscious customers really want. According to Reconstructionist theory, less effective organizations adopted an ordinary strategy which focuses on remaining in front of rivalry while the successful organizations gave little consideration to coordinating or beating their competitors but rather sought to make their rivals unessential through a strategic rationale known as value innovation logic.

Conventional logic theory versus value innovation theory is best explained by Kinopolis versus other Belgian movie theaters where Kinopolis was able to add value to customers by installing larger than the usual seats with individual armrests and soak slant in the floor to guarantee everybody an unhampered view and with this he was able to win 50% of the market within the first year unlike the other competitors who had smaller viewing rooms and screen. These competitors in the movie theatre industry followed a conventional logic of better marketing, improved services and superior pricing while Kinopolis pursued a very unique strategic logic where the organization set out to make its film experience totally unique and powerful than that of its competitors. Kinopolis aimed at attracting the mass of movie goers by concentrating on broadly shared necessities by giving a package that was highly valued while at the same time reducing price hence value innovation logic. Value innovation entails bringing costs down while concurrently rising the worth for the purchasers. This is the manner by which a shift in the value for both the organization and its purchasers is made. Value to the buyer is created through the

utility the product offers and the price of the product while value to the organization is earned from its pricing strategy and the cost structure.

Under Reconstructionism companies do not utilize rivalry as the benchmark but rather they make it immaterial by making a leap in value for both the purchasers and the organization itself. Kim & Mauborgne (2014), also assert that under Reconstructionist view value innovation in red Ocean depends on the interpretation that market limits and business structure are not prearranged and can be revamped by the activities and feelings of industry players. Out there, there exist an extra demand that is largely untapped and therefore this necessitates a change of attention to demand where a new market can be created rather than focusing on competing (Agnihotri, 2016). This theory is pertinent in the study in that it supports the implementation of positioning strategy and strategic alliances where firms are not confined by industry boundaries but rather break the boundaries and create new market spaces by either reaching out to their customers in ways most convenient to them through positioning strategies and working together with other players in the market through strategic alliances hence expanding their opportunities and making competition irrelevant. Reconstructionist theory which contrasts conventional rules and transformational rules is summarized in table 1.

Table 1: Traditional versus Transformation Strategy

Industry confines adopted	Industry boundaries expanded
Competitive guidelines already established	No pre-set guidelines
Competing in prevailing market	Create new market space
Products become commodities	Products develop new value
Price wars	Focus on price vs. value
Benchmarking	Breakaway from competition
Outperform the rivalry	Make rivalry immaterial
Emphasis on competitors	Focus on forming value to customer and company
Build defensible position	Value innovation
Value and cost are seen as trade offs	Concurrently pursue enhancements in value and cost to disrupt value cost and cost trade offs
Innovation linked to new technology processes	Innovation linked to what buyers' value and existing technology can be utilized

Source: Kim and Mauborgne (2014)

2.2 Theoretical Framework

The study was supported by three theories which were; dynamic capability theory, diffusion of innovation theory and reconstructionist theory as presented in the Figure below.

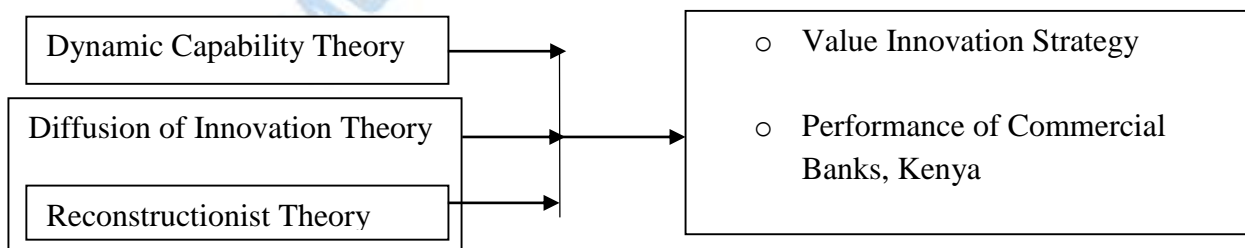


Figure 2.Theoretical Framework

Source: Researcher, (2022)

2.2 Empirical Review

This section discusses past studies on processes innovation strategy, positioning strategy, technological change strategy and the strategic alliance strategy in relation to performance of Commercial Banks in Kenya.

2.2.1 Processes Innovation Strategy and Performance of Commercial Banks

Process innovation is a firm's way of presenting new ideas, work processes, strategies, products and services. Process innovation ought to enhance existing processes, product and services in order to tackle a challenge or attract new customers. Process innovations should be geared towards adding value to the organization in terms of profit generation as well as to its customers through meeting their demands and the desired level of satisfaction. Kim and Mauborgne (2017), have identified three kinds of value innovation platforms as the product platform, service platform and delivery platform. The item stage is the actual thing; the administrations stage is service level such as support, client assistance, guarantees and packaging and product preparation while the distribution platform involves coordination and the channel used to handover the products to clients.

Process innovation, according to Minai and Lucky (2017), encapsulates the deployment of quality functions and business process reengineering. A provider who is effective and consistently seeks to increase productivity can anticipate eventually creating products that deliver comparable performance at a cheaper price. Customers may or may not receive lower prices as a result of the cost savings. Process innovation benefits both the core product's supply side and the goods' auxiliary functions, as a result. The product offers two components both offer quality requirements that are attainable and maintainable. Process innovation management presents a difficult environment for services since, by their very nature, they frequently depend on interpersonal connections to produce the desired results (Johne & Storey, 2018).

Process innovation involves the implementation of quality functions and the reengineering of corporate processes (Venkatraman & Venkatraman, 2019). With time, a supplier who effectively works on productivity gains on a regular basis can anticipate developing items that offer comparable or even better performance at a reduced cost. These cost savings are carried over to the clients through lowered pricing of products. Process innovation is essential for both the supply of core products and the supporting components. Both elements need to adhere to and uphold quality standards. It can be difficult to manage process innovation, especially when it comes to services (Arundel et al., 2019). Energy is required to develop and put the innovation process into practice and overcome change resistance. A series of copycat, incremental, late inventions could have a cumulatively negative impact on the innovative firm. Even though none of them is inevitably and always better, this technique appears to be less dynamic than the proactive innovator model. Reactive innovators are more likely to favor logical, systematic advancement than they are creative (Strom et al., 2020). In certain ways, compared to proactive innovators, reactive innovators must focus the majority of their attention and time on the competition. There is a clear need to keep up with popular ideas, their market reception, and the factors that influence late innovators to launch their innovations at the most advantageous time since the reactive inventor places more focus on adopting others' creations. Additionally, one must have a thorough understanding of the service or product they are copying in order to be innovative rather than merely be aware of it (Freeman, 2013).

A research by innovation consultancy Doblin based on more than 2000 innovation projects, concluded that in total, there are ten distinctive methods that a firm can invent (Doblin Consultants, 2015). They include; income model that is concerned with how the organization can make money, network concerned with how an organization link with others to provide value, structure concerned with the most proficient method to compose and adjust abilities and resources, process on the best way to utilize better techniques to do work, product performance on the best way to create recognizable features and functional products, product System on the best way to make essential products and services, service on the best way to help and enhance the value of product contributions, channel on the most proficient method to hand over business offerings to clients and end- users, brand on the most proficient method to represent business offerings and business and

client experience on the most proficient method to cultivate convincing collaborations (Nick, 2016). Those organizations that endeavored to create worth by innovation in different manners were dynamically productive, with their advancements bound to make a profit from speculation.

Product innovation helps to trade the similar essential products to various clients' sets as differentiated items (Cusumano, Kahl & Suarez, 2015). Through product innovation organizations add value to customers and are able to broaden the target market hence enhancing the revenue level. The power of product innovation is to help organizations to hold and advance a competitive position. Products need to be consistently renewed in order to retain the current clients as well as appeal to potential clients hence expanding the market niche and retaining strong market presence. Product development can be categorized into primary and secondary innovations (Bucherer, Eisert, & Gassmann, 2012). Primary innovations are generally concerned with the expansion of new markets and need a high level of practical innovativeness and a substantial change in customer behavior. Secondary innovations are essentially business or company centered and concerned with improvements within a current market. Therefore, product innovation entails improving the existing products features or introducing a radical change in the product so as to serve the requirements of the market niche.

Peder and Richard (2013), argue that, service innovations are easily imitated compared to items innovations and hence a service company should implant innovation as an essential portion of administration. The responsibility of top management is a main thrust in the appropriation of innovation. Productive service firms have advancement incorporated into their day to day operations and activities. Different organization use different models for value creation and delivery. According to Teece (2010), the epitome of a plan of action is to describe the path by which the undertaking conveys worth to its customers, draws clientele to pay for worth, and changes those installments to income . Peder and Richard (2013), give a synopsis of the by and large agreed segments that add to compelling advancement and these incorporates; an attractive incentive for all accomplices, an ideal marketable strategy, a lone help model conveying an arrangement of customer encounters, built up development and data frameworks along with other key resources, like capital, people, land, infrastructure and stock.

The Service Innovation Triangle (SIT) gives a coordinated perspective on value creation through service innovation, incorporating varying opinions which involves the company, clients and dealers over the main components, and does not constrain innovation to straight improvement. Peder and Richard (2013), state that service innovation that is driven by the objective of creating value provides new or better services to the organization's clients, providers and accomplices dependent on the association's advancement potential and the administration development capacity. The banking sector is not exceptional when it comes to such business innovations and it has embraced a number of product and service innovation strategies such as agency banking, mobile banking and internet banking. The expansion and the growing progress being experienced in the ICT industry has come with a lot of transformation in the way business is carried out today (Chavan, 2013).

Agency banking has the potential of increasing market share by appealing and retaining customers as well as providing a variety of services to them (Mwando, 2013). Agency banking delivers value to customers in form of extended banking hours as well as bringing banking services closer to the customer (Ndungu, 2014). Agents have capabilities of offering wide variety of services such as payment of fees, rents and other utility bills, funds deposits and withdrawals as well as facilitation of account opening and KYC procedures (Mwando, 2013). Agency banking is expected to bring along big transformations in the financial sector since banks are increasingly introducing new products and services through agent banking channels (CBK 2017). In Kenya, Equity has the lion share of agents across the country with 28,663 agents, followed by Kenya Commercial bank with 14,466 while cooperative bank has 11,207 agents in Kenya (CBK, 2018). 620 billion was transacted in 2018 via agents in Kenya; this was an increase from 517.4 billion in 2017. The number of banking agents increased from 57,901 in 2017 to 64,345 in 2018 (CBK, 2018). The increase was attributed to increased efficiency in agency banking model. Transactions identifying with paying bills, cash transfer, deposits and money withdrawals had been on increase (CBK, 2018). Countries like Malaysia have sought to gain practical experience from successful agency banking innovations in Kenya. Agency banking has the potential of taking back 70% of physical space currently occupied by banking staff and customers in the banking halls (CBK, 2020).

M-pesa platform has revolutionized the way business is conducted in Kenya. The loans and savings service is under the overall M-pesa service that facilitates clients and individuals to save money as well as borrow loans. Under the same platform clients are able to cash money from their bank accounts and use it to pay their bills and buy goods and services without necessarily carrying around liquid cash or having to walk to the banking halls (Muisyo, Alala & Musiega, 2014). Majority of companies in Kenya has registered with M-pesa and given account and pay bill numbers that clients can use to conduct business with them. With this method of payment in many businesses, transactions have increased significantly and the process is quick, cheaper, convenient and efficient (Jack & Suri 2011).

Mobile and internet payments are significant mechanisms employed by persons and entities as a safeguarded and quick means of making payments through the mobile phone and through the internet usage. There has been an expansion in the utilization of cell phone administrations and usage of web as another new appropriation channel for banking associations and universal trading (Chavan, 2013). In the banking Industry, internet banking is presently succeeding the customary banking practice that involved going to the banks in order to access financial services. Web banking began with basic roles, for example, real-time access to information about financing cost, financial records and processing credit eligibility. Web banking has been improved to online bill payment, exchange of funds among accounts and cash organization for corporate associations and people. Chavan (2013), analyzed the advantages and difficulties of web banking in a rising economy. The study concluded that web based banking has a great deal of advantages which increase the value of clients' fulfillment in terms of quality services offerings as well as enabling the banks acquire superior position over their rivals.

Muisyo et al (2014), in their study on the impacts of versatile cash administrations on the performance of the financial organizations in Kakamega Town. The findings of the research concluded that mobile money services offered by a number of service providers have an affirmative effect on the performance of the banking institutions and that banks have introduced

various strategies such as agency banking, mobile-banking and online banking to mention but a few in order to deal with the negative effect of mobile money on performance of the banks. Provision of mobile banking is a way of meeting the ever-changing customer expectations as well as customer satisfaction. The investigation didn't investigate the impact of agency banking and web based relying upon execution of business banks in Kenya.

Laban and Deya (2019) continue to emphasize how important it is for an organization's entirety to comprehend and accept the need of process innovation. It is difficult to connect the operations of the organization's different elements to a whole since this requires social impetus in addition to coordinated effort from functional units. By doing this, the business inspires process innovation to change its current structure and engages in novel strategic activities that improve firm performance. Process innovation contributes to an organization's ultimate performance outcomes, such as financial position and firm value. The researchers contend that performance will favor goods and services produced using cutting-edge technology innovations.

Martin and Namusonge (2014) revealed that for Kenya, 75% of enterprises showed a substantial effort towards investing in contemporary production machineries as a tactic for innovating processes despite that the outcomes indicated that the SMEs saw it as quite expensive and difficult to adapt or survive. The research discovered, that 56% were in agreement that innovation of processes resulted in a reduction of costs. Letangule and Letting (2017) assessed the relation between the innovation of the market and organizational performance in the sector of manufacturing. Their research showed that manufacturing companies in Kenya incorporated innovation of processes and has added value to the profitability of organizations.

Mabwai (2016) investigated the effect of mobile banking on Kenya's financial banks' profitability. For this study, the Kenyan commercial banks that are registered were involved in the research. To choose the major commercial banks using mobile banking, a purposeful selection method was used, and attention was given to 8 commercial banks in Kenya. The investigation only utilized the secondary information that was gathered from commercial banks' financial statements. Both

descriptive and regression statistics were applied to analyze the data. The findings revealed that factors such as the volume of mobile banking transactions, capital sufficiency, market share, and asset size positively impacted the financial performance of commercial banks. The study came to the conclusion that Kenyan commercial banks' implementation of mobile banking has led to increased performance over time.

Mohamed (2019) looked into how Kenyan banking institutions' monetary results were influenced by mobile banking. Senior staff of the 43 commercial banks with licenses from the Central Bank of Kenya made up the study's target demographic. A sample of 335 employees from commercial banks was selected using simple random sampling. The study found a noteworthy positive connection between the banking institutions' financial success and their ability to use mobile banking. Customers' accessibility to mobile banking around-the-clock, the decrease in transaction time, the simplicity of mobile banking, the elimination of physical barriers, including in remote areas, and the overall goal of service delivery in financial transactions were all found to be crucial to the success of mobile banking. Overall, the results showed that banks are progressively utilizing cutting-edge digital lending platforms as a substitute for offering clients speedy loans. The third research aim was to determine the impact of mobile banking risks on Kenya's banking institutions' financial performance. The results showed a substantial inverse association between commercial bank financial performance and mobile banking risks. Poor network coverage in remote areas was a major obstacle to faster transactions on mobile banking platforms. Backdoor attacks, spywares, malwares, and unauthorized access were major security concerns on mobile banking platforms.

A case study of Equity Bank was used in a study by Gitau (2020) to examine how online banking affects commercial banks' financial performance. At Equity Bank Limited, there were 126 managers who made up the target population. The use of a questionnaire helped with the gathering of primary data. Stratified sampling technique was used. Using Statistics Package for Social Sciences (SPSS) software version 24, data was gathered, edited, processed, categorised, and analyzed before being shown in frequency tables and figures. The results showed a strong and significant correlation between performance and online banking. The results showed a significant correlation between performance and an online security solution.

Mwando, (2013), in his examination on commitment of agency banking on financial execution of banking institutions in Kenya, the discoveries of the research reasoned that diminished exchange cost through agency banking, impact emphatically on the monetary execution of commercial banks and that agency banking made financial services accessible to customers and this too impact positively on monetary performance of Commercial Banks in Kenya. The study explored only one innovation process of agency banking hence need to explore internet and mobile banking.

2.2.2 Technological Change Strategy and Performance of Commercial Banks

A technology-oriented technique places more prominent significance on R&D and new product advancement and a desire to be the pioneer technology in the market. It also drives a corporate culture of learning and creativity (Polasik & Wisniewski, 2009). Technology is the foundation of online business, in addition to the fact that it connects sellers and customers on mobile and internet platform it also enables powerful management of client orders, deliveries, return and payment of acquired merchandise. It also enables customization and personalization of customers.

In the past two decades, organizations have undergone a transformation as a result of the adoption of a sophisticated IT system in an effort to maximize the value of innovations (Akter et al., 2020). Nevertheless, disruptive innovations were part of the rapidly advancing technology, which unintentionally shortened the product's life cycle. The IT revolution led to the integration of data processing, communications, and software development, allowing businesses to improve organizational effectiveness and performance and opening up chances for the emergence of new businesses. IT use has undergone a significant transformation from its original intended role of support to becoming a crucial strategic one. Abbas et al. (2014) have looked into how information technology has affected the financial success of Allied bank employees in Pakistan. The information gathered through unstructured interviews demonstrates how technology advancements have a substantial impact on workers' workloads and have assisted in the implementation of efficient controls that have decreased fraud and errors in enterprises. The

system's ease of use and quick access enable bank workers to provide consumers with timely, high-quality services. Nath et al. (2013) reveal that apparent comfort in usage and the seemingly helpfulness of the technology by staff are dual elements that have an impact on how widely new technologies are adopted.

For firms to be profitable, managing technological change is essential. According to Mutisya (2010), maintaining profitability requires effectively managing technological change. This is accomplished through providing regular updates on technical advancements, providing feedback on the status of change initiatives, and coaching participants in change initiatives. Mohammed (2013) added that dealing with employee opposition to aspects of technology adoption was a result of managing technological change. New technologies that have the potential to enhance performance are brought about by technological development. The capabilities offered by these new technologies are absolutely necessary for developing a strategic advantage. Some of the potential applications of modern technology include the image transmission of transactions and checks, gross real-time payment settlements, and procedures for starting accounts. These are only some of the possibilities (Mbigura, 2012).

Technology has led to enhancement of service delivery through speedy transactions and timely delivery. The web is the least expensive distribution channel for institutionalized bank operation. Amit and Zott (2012), clarifies that the web offers an expected upper hand for banks and this favored point of view is due to price decrease and greater fulfillment of client wants. Customer disillusionment with branch banking because of long queuing and lack of client support is an essential drive behind the fast development and movement to electronic delivery (Paul, Mittal & Srivastav, 2016).

The technological diffusion model is used to explain economic growth by creating a relation between technology and organization performance (Baker, 2012). This model looks into the patterns relating to technological diffusion and how they influence the production activities of the country. It has been a general assumption that technology is freely available to firms operating

within the same environment and under similar circumstance but the diffusion rate differs across the companies. There are those companies that will rush to incorporate technology within their production activities while others will wait for some time. The difference between the times taken by a firm to absorb technology can either positively or negatively contribute to economic growth. The world is fast changing due to technological innovations and slowly, firms are leaving the traditional production methods and adopting new methods that incorporates technology and are very efficient (Rosemary, 2017). Technology has opened up opportunities to service providers to provide unlimited flexibility to the customers.

Electronic payment is a system of payment that is increasingly being implemented by developed and developing nations into their financial systems with the main objective of streamlining and simplifying payments in business transactions (Kabir, Saidin & Ahmi, 2015). Electronic- payment has come to be the key enabling instrument in e-commerce through which electronic business prosperity depend upon. Information and communication technology (ICT) and the digital inventions have brought a dynamic transformation evident in the global business setting (Chavan, 2013). The business deals and transactions are changing from being cash-based to electronic-based. In recent years electronic payment has made a significant contribution in enabling electronic commerce in international business set up (Malenya, 2017). In today's business environment electronic payment can be facilitated through PayPal and electronic fund transfer at the point of sale.

Making purchases through the Internet is a fact today and has emerged to be so successful (Muluka,2015). Buyers purchase items and services through the internet and consequently, using the same channel they settle payment. PayPal is a worldwide internet business which empowers cash transfer to be done by means of the Internet (Niranjanamurthy, 2014). It offers real time payment solution. PayPal is used as a mode of payment by many business owners and senior business managers. It has replaced the use of money orders and cheques (Malenya, 2017). PayPal is secure and convenient hence protecting the interests of both merchants and consumers. It takes less time for consumers to enter their information through PayPal and the merchants get their payment promptly (Nyawanga, 2015).

Electronic funds transfer at point of sale facilitates consumers to transfer cash immediately from their bank accounts to those of the retailers and merchants when paying for their purchases (Nwaolisa & Kasie, 2012). EFT/POS is an electronic framework that includes use of plastic cards in a traders' premise and permits customers to move reserves expeditiously from their financial balances to dealer accounts when making payments (Ejiofor & Rasaki, 2012). These plastic cards include Debit cards, credit cards or smart cards and they enable the seller to receive payment for items that are purchased or delivered using a POS machine. Some of the global credit cards include Visa, American Express and Master Card (Wahab, 2012). The mode of payment is continuously changing due to innovations in retail payments, improvements in efficiency and regulatory changes. Debit and credit cards have changed how consumers pay for their retail transactions (Huynh & Sabetti, 2011).

As a result, there has been a significant shift from cash into debit and credit cards. This has led to faster transactions, improved hygiene since there is no handling of notes and coins, has simplified collection of cash since no time is wasted counting notes and coins, security has improved and the level of sales has increased (Ejiofor & Rasaki, 2012).

Technology change has also facilitated data storage, creating efficiency and easy retrieval of vital business information. The implementation of sound data plans that allows the companies to collect and keep large volumes of data that can be used in making comprehensive analysis and overall aiding in making sound strategic decisions is a sure way for a business to keep track of the changing patterns of the business environment (Manyika, Chui, Brown, Bughin & Dobbs, 2011). Big Data technology is beneficial in various ways in the banking sector varying from boosting cyber security to cultivating customer loyalty. Big data will enable banks to understand their customer trends such as spending and borrowing habits (Siddiqui & Qureshi, 2017). Big data is able to track customer's life style, needs and preferences hence enabling banks to offer personalized products. Big data make it easy to perform errands, at whatever point a name or account number is feed into system; it sieves through each and every data and gives back the correct information required. This

will enable banks to rationalize work processes, save time and expenses. Big data will likewise enable organization to distinguish and correct issues, before they negatively influence on their customers (Mineli, Chambers & Dhiraj, 2012). Big Data will allow banks to control fraud by ensuring that no unauthorized transactions are made (Economist, 2014).

Information is usually regarded as power because it gives people the ability to make sound and logical decisions (Mohanty, Jagadeesh & Srivatsa, 2013). It is through information that a company is able to conduct market analysis and, in the process, identify the needs of consumers. The information gathered enables the company to make strategic decisions on the nature and types of goods and services that the consumers need (Mineli et al., 2012). Big data gives a company a platform to accommodate huge chunks of data sets that enables the company to have a wide scope of data coverage. With wide range of information, a company is able to compare various parameters and hence making the best strategic decisions that can push the company forward to greater financial heights.

Block chain technology has impacted on the global economy by transforming the technological advancement in different industries in diversified sectors of the economy. Fahmy (2018), defining block chain technology stated that it is a distributed ledger that allow for exchange of value between different parties. Consequently, Block chain allows for transparency and diversity making it unique and providing satisfaction to the users. The technology is well encrypted, decentralized and has ability to audit information hence facilitating data security. Companies and other institutions have to be on the lookout in order to be able to make smart predictions on the future needs of the consumers, based on the changing patterns displayed by the business environment (Manyika, et al., 2011). Large information is an idea that can assume a basic part in the dynamic interaction of organizations. Huge information can be portrayed as informational collections that are unpredictable and enormous in nature to such an extent that, conventional information preparing application software's are unable to effectively deal with the data (Krishnan, 2013). Big data is a significant trend for numerous businesses, including banking industries (Siddiqui & Qureshi, 2017). This is because; the traditional methods have limited capacities in relations to storage, examination, interpretation and information sharing. Therefore, the implementation of big

data can make companies enhance performance due to the fact, they can manipulate complex data in the decision-making process.

Information is usually regarded as power because it gives people the ability to make sound and logical decisions (Mohanty, Jagadeesh & Srivatsa, 2013). It is through information that a company is able to conduct market analysis and, in the process, identify the needs of consumers. The information gathered enables the company to make strategic decisions on the nature and types of goods and services that the consumers need (Mineli et al., 2012). Big data gives a company a platform to accommodate huge chunks of data sets that enables the company to have a wide scope of data coverage. With wide range of information, a company is able to compare various parameters and hence making the best strategic decisions that can push the company forward to greater financial heights.

Block chain technology has impacted on the global economy by transforming the technological advancement in different industries in diversified sectors of the economy. Fahmy (2018), defining block chain technology stated that it is a distributed ledger that allow for exchange of value between different parties. Consequently, Block chain allows for transparency and diversity making it unique and providing satisfaction to the users. The technology is well encrypted, decentralized and has ability to audit information hence facilitating data security. These features have greatly enhanced service delivery in both the private and public sectors. For instance, distinct innovations in block chains in the recent years have reduced voter fraud, secured medical records, and enabled tracking of agricultural products and dissemination of relevant information, simplification of shipping logistics and academic certification distributions.

The banking sector is strictly regulated in its areas of operations but the influence of block chain and the popularity of cryptocurrencies have forced the banking sector to consider potential of block chain (Collomb & Sok, 2016). Large banks are increasingly conducting tests of how block chain technology application will improve assets decentralization and improve on business processes. A study by Accenture consulting group established that top-level managers of big banks around the

world have admitted that block chain will occupy a key part in promoting the success of financial companies (Cocco, Pinna & Marchesi, 2017). With the adoption of the block chain technology banks will be able to save up to \$20 billion by 2022 (Cocco et al, 2017). Block chain can help to solve perennial problems that have continued to inhibit the operations of the bank and other financial organizations. McKinsey & Company (2016), noted that, in the wake of present day and advanced innovation, organizations have been changed significantly by the evolving mechanical patterns. Conspicuously, the ceaseless mechanical development is bringing about various freedoms that have led to new ideas, for example, block chain innovation (McKinsey and Company, 2016). In advanced business world, online exchanges represent a huge part of all deals and henceforth block chain innovation has given quite possibly the best means of making on the web exchanges.

Ellie (2017) featured that block chain innovation eradicates the issue of information distortion. It accommodates transparency in exchange and follows the standards of responsibility in monetary exchanges. In manual exchanges, desk work is elaborate and the actual cycle is tedious. The block chain innovation is real time. Banks will profoundly profit with the innovation in area of information execution since block chain has truly changed the manner in which firms record, trade and move information (Ellie, 2017). Block chain innovation offers a safer stage that limits instances of information loss and distortion.

Research conducted by Parth (2018), indicated that, block chain technology is the future of personnel management. In agreement to the Society for Human Resource Management, block chain innovation will be utilized in modernizing the recruitment procedure. The HR experts will acquire the ability of checking the certifications of the applicants with ease. Block chain innovation will likewise aid disbursements particularly for organizations with international employees (Parth, 2018). The framework has the capacity of effecting installments in various monetary currencies. It is normal that block chain innovation will change how firms remunerate laborers and furthermore the specialists will acquire a superior arrangement for retirement because of the aspect of transparency and accountability.

Guo and Liang (2016), in their research established that, block chain innovation has empowered and given a foundation of making global exchanges that take long time or are restricted by currency guidelines. Block chain technology facilitates international transactions by making it easy and quick to make such transactions. Peters and Panayi (2016), also noted that, block chain technology has the potential of disrupting the banking industry through creation of new opportunities and enabling worldwide cash settlement, elimination of shrewd agreements and computerized banking records. This innovation is setting out measures that have high proficiency even in market conditions described by political precariousness and mal practice which have been scaring away financial promoters. Block chain technology provides practical solutions to banks that shy away from chaotic market environments due to political interference (Peters & Panayi, 2016). The study focused mainly on block chain technology and its influence on international transactions, hence did not explore other innovation strategies such as big data and pay pal and how they influence performance.

Malenya (2017), studied aspects that impact the progression of E-business in Nairobi- Kenya, the results of the research revealed that M-banking mode of payment is rarely used and customers use cash on delivery as a mode of payment. Debit and credit cards are also moderately used. PayPal is commonly used as a mode of payment and on contrary cheques are hardly used to make payments. The study focused mainly on modes of payment, hence did not explore other innovation strategies such as big data and block chain technology and how they influence performance.

Muluka (2015) studied the impact of digital banking on customer fulfilment at National Bank of Kenya. The study results revealed that transaction speed, access to digital banking, adaptability of digital banking and client relationship had an affirmative impression on client fulfilment. The outcome recommends that banks should invest on robust and reliable systems to enhance customer satisfaction. The study focused on one bank and only on strategy of digital banking.

Ejiofor & Rasaki (2012) carried out a study on understanding the advantages and difficulties of cashless economy in Nigeria: IT point of view. The study revealed that the utilization of paper money for continuous exchanges is unsafe, expensive and wasteful for customers. There is a need to out of the utilization of paper money to cashless or electronic payment tools, for example, MasterCard, charge cards, cheques or direct transfer starting with one account then onto the next. Such methods were faster, hygienic, secure, convenient and simple. Huynh & Sabetti (2011) examined the role of incentives at the point of sale and concluded that innovations in debit and credit cards, making them easy to use accompanied with increased acceptance may diminish the use of cash. Credit card awards and other monetary incentives motivate consumers to use credit cards at the point of sale. Consumers are also motivated to use debit cards since they do not charge a transaction fee. The study was based on a different context and mainly focused electronic payment, hence did not explore other innovation strategies such as big data and block chain technology and how they influence performance.

Siddiqui & Qureshi (2017) conducted a study on big data in banking; Chances and problems in post demonetization in India. The study revealed that the government resolution to promote cashless transactions and e-business will fasten big data era occasioning progression of big data market in India. India will also witness increased employment opportunities with good pay package. The study was not based on a Kenyan context and mainly focused on big data and how it will influence employment in India and not on organization performance.

Mbaluka (2013), In her research on big data in the business banking arena in Kenya set up that the financial area in Kenya is in the underlying phases of undertaking huge information execution and the banks are utilizing variety of tools and techniques in big data management to keep up the pace of the dynamic business environment. The study also revealed that a number of banks had not taken up the initiative of big data management.

Odhiambo (2018), evaluation of the innovation plans implemented by Standard Chartered Bank, the study established that the financial institution had espoused technological innovation plans to aid in the onset of globalization and to improve their approaches for cooperating with other banks

with the ultimate goal of attracting and retaining existing clients. The methods were well received since they concentrate on improving every facet of business operations, from the satisfaction of customers to the development of new technologies to the production of superior goods for sale.

2.2.3 Positioning Strategy and Performance of Commercial Banks

Strategic positions emerge from three unmistakable sources, which are not absolutely disconnected but regularly intersect. These are assortment-based situating, needs based situating and access-based situating (Blankson and Crawford, 2012). Assortment based setting includes making a subset of an industry's items or administrations. It is therefore dependent on the choice of item or service varieties as opposed to client segmentation. Variety based placing works best when an organization can best create varieties of products or services utilizing particular arrangements of activities. Vanguard or Delta Air Lines serves a wide exhibit of clients, carrying out a variety of exercises intended to meet their basic needs. It disregards or meets just halfway the more peculiar needs of specific client group (Porter, 2014). Variety based positioning is more of a differentiation strategy that targets a wider market and encompasses being special in manners that are important to clients and that can be maintained (Grant, 2016).

Positioning represents how customers view an organization or its goods' performance in relation to rivals on particular features. Additionally, it can be created by setting the product apart from rivals (Adgüzel, 2020). Guo et al. (2018) point out that before designing a positioning strategy, it is critical to recognize and thoroughly examine the reputation and assets of potential competitors, since customers must pick between the organization's and rival presentations, their perception of the products is quite important. Customers favor products with superior benefits that include the important aspects that they anticipate. Companies that use differentiation strategies aim to build value through customer loyalty, fee inelasticity, and a focused image that they achieve through brand image, marketing and advertising vigor, novelty, fashion, and distinctive distribution methods (Brenes et al., 2020). Therefore, these businesses aim to make a quick profit by investing in the creation of goods or services that have certain qualities that apply to consumers. There is a greater risk of failure associated with current and more advanced differentiation procedures than

with less advanced differentiation techniques, and these techniques are more likely to produce results in the long run rather than in the short run. Maximizing manufacturing efficiency is not an easy task when trying to implement a differentiation strategy (Dorobantu et al., 2017).

Dirisu et al., (2013), did a study, to determine differentiation aspects adopted by industries in Zimbabwe. They concluded that manufacturing industries need to pay more attention to the products they manufacture in reference to unique characteristics and designs and consequently ensuring that they were cost effective. Khaled (2012), examined the relationship between differentiation strategy and organization performance by surveying 33 industrial companies listed in Amman Stock Exchange. He established that differentiation strategy had no noteworthy impact on performance of such industries. Rosemary (2017), examined positioning strategies on mobile money transfer at Safaricom Limited and established that the company uses differentiation and focus strategies. Safaricom Limited had differentiated its products in terms of elements and design so as to fulfil the various requirements of its target clientele. Bundi (2017) examined competitive strategies and performance of the financial industry in Kenya. The study focused on differentiation strategy, cost leadership, agency relationship and focus strategy. Under differentiation strategy, the study concluded that the unique attributes of the product make it to be perceived as new hence providing value to customers.

Needs based placing entails serving most or every requirement of a specific group of consumers. It emerges when there are group of clients with varying needs, and when a customized set of exercises can serve those necessities best (Williamson, Cooke, Jenkins & Moreton, 2013). For instance, a few groups of clients are more price sensitive than others, demand distinctive product elements, and need differing amount of information, backing and services. Ikea's clients are a classic case of such a group. Ikea seeks to meet all the home outfitting needs of its clients. Ikea focuses on the unique needs of a subset of clients and structures its activities on that line. Needs based placing is more of a focus strategy that targets a particular market segment. The system includes choosing a section or a grouping of segments in an industry and fitting a technique so as to serve them. It presumes that the company can serve its narrow key target segment more productively than contending extensively (Porter, 2014).

Bundi, (2017) Under focus strategy in his study on competitive approaches and performance of the financial industry in Kenya, the research revealed that focus strategy differs from differentiation and cost leadership strategy since it is dedicated to fulfilling the requirements of a few customers or a definite market section. The study reveals that a focus strategy offers entrepreneurs with a chance to search for a market gap and exploit it hence developing an innovative product that serves the needs of that target market segment. Asikhia (2010) examined market focused strategic flexibility by studying 500 firms in Nigeria and concluded that the technique is a driver of organizational placing in a dynamic domain. The results concluded that organizations working in a dynamic domain may pick up preferred standpoint by utilizing market-focused strategic adaptability however firms working in a moderately steady condition may not realize great performance if they similarly do so.

Access based placing entails segmenting clients who are reachable in various ways. In spite of the fact that their necessities are like those of other clients, the most ideal method of getting and serving them is extraordinary. This could be due to the client geographical location or client scale (Porter, 2014). Access based positioning entails reaching out to customers in the most efficient and effective way as a way of customer satisfaction given their differing demographics. Bundi, (2017) Under Agency relationship strategy in his study on competitive approaches and performance of the financial industry in Kenya, the research revealed that Agency relationship strategy had resulted to increased availability of monetary services to numerous customers in far-off areas and henceforth improved success and capability in service distribution. Molonko & Jagongo (2014) in their study on lower part of the pyramid technique and monetary execution of Commercial Banks in Kenya, the examination disclosed that Commercial Banks use agency banking focusing mainly on the below the pyramid market portion in countryside and metropolitan shanty towns. Malhotra and Singh (2009), in their examination on internet banking on bank execution and risk found that online banks are greater, progressively beneficial and operationally capable. These innovations increase efficiency and make products more accessible to customers regardless of their geographical locations or customer scale.

In 2012, Blankson and Crawford evaluated how positioning strategies affected the performance of service firms. This study looks at how Texas retail service companies are using positioning tactics. In-depth analyses of four qualitative case studies and covert observation techniques offer frank underground insight into retail positioning in a changing market. The most prevalent positioning tactics are branding, service, value for money and to a lesser extent, reliability and attractiveness. However, the emphasis placed on each differs from firm to firm. When using these positioning tactics, all of the companies also see acceptable sales and positive consumer views. These positioning tactics are linked to desired earnings, return on investment (ROI), and market share. The outcomes also demonstrate how various positioning methods are related to various performance measures.

Mukeshimana et al. (2019), did a research on the impact of strategic positioning on organizational performance of independent Power Producers in Rwanda. The respondents included the board of members, executive directors, senior management personnel, and project managers who were given questionnaires to complete in order to gather the necessary information from the responses. Frequencies were displayed in tables, percentages, pie charts, and standard deviation when reporting the data that had been evaluated. This study proved that pricing strategy, perceived quality, costing and promotion, and differentiation strategy all had a favorable effect on the organizational performance of Rwanda's independent power producers.

2.2.4 Strategic Alliance and Performance of Commercial Banks

Organizations currently contract and subcontract different business procedures to realize a wide variety of business goals extending from decrease of expenses to innovation and business change as well as value addition to customers (Kilimo, 2014). The main reasons for entering into strategic relationship is to increase customer base and value for customers by giving or granting usage to more items and services that the individual firms have no capabilities and competencies (Walekhwa, 2011). Strategic alliances in the modern business world have become an important part of most of the bank's investments and growth strategy portfolios (Rahman & Korn, 2014).

The technological change, globalization and the ever-competitive environment are the key factors pushing banks to seek strategic alliances (Rahman & Korn, 2014).

According to Serrat (2017), an alliance is union or association formed for mutual benefits between business organizations. Two or more companies may form an alliance to share resources and activities in pursuing a strategy. In alliances, each business maintains its operations independently and they are not influenced by what happens in the other company. Strategic alliances entail sharing of knowledge and skill among legally independent firms in order to decrease threat and expenses in essential parts such as relationships with suppliers, growth of new products and technologies (Ruso & Cesarani, 2017). Companies enter into intentional strategic relationships in order to strengthen and share their resource endowment, enhance their competitiveness through co-development of resources and manage environmental uncertainty (Russo & Cesarani, 2017). Strategic alliances allow organization to access new and critical resources and competencies (Ruso, 2017). Strategic alliances are essential in facilitating the knowledge development and the accessibility of complementary resources (Lubello et al., 2015). Strategic alliance takes various forms such as joint venture, equity strategic alliance, non-equity strategic alliance, outsourcing, affiliate marketing, distribution relationships, technology licensing, product licensing, franchising and research and development (Genc, Alayeglu & Iyigun, 2012) quoting (Thorne & Wright, 2004). Firms are benefiting from each other in various zones like marketing, distribution, production, research and development and outsourcing (Kilimo, 2014).

An agreement between two or more businesses or partners that commits them to working together to accomplish a common objective by combining their resources and coordinating their efforts is known as a strategic alliance (Vonortas and Zirulia, 2015). According to Cacciolatti et al. (2020), despite the fact that interorganizational links have existed since the beginnings of the business as a unit of production, many researchers view strategic alliances as modern phenomena. Alliances differ depending on the type and size of the firms involved (Serrat,2017). Most strategic collaborations often involve businesses of different sizes. The partners' interaction may be facilitated by the size itself. The requirements, potential, and goals of the partner companies involved in an alliance also affect how it is structured. The formation, maintenance, performance,

and ultimately the success of an alliance are influenced by a number of variables, including the alliance's organizational structure, the partner characteristics, and the type of partners' specializations. Strategic alliances are new business models that enable partners to improve and control their business relationships in various ways, in addition to being trading partnerships that increase the effectiveness of the competing strategies of the participating organizations by facilitating a common exchange of resources. The alliances can be exploited to fill in capacity gaps, obtain vital resources to stifle competition, acquire distribution channels, get around regulatory obstacles, pool resources, lower risks, gain a competitive edge, and invent in fields where innovation would have been impossible if they had been working alone (Nguyen, 2020).

Strategic alliances concept is defined as that cooperative effort that entities put in place to form partnership and pursue a particular course. Normally, the alliances are voluntary collaboration between organization and they take advantage of that collaboration. Dyer et al. (2012) define this concept as a strategy to cooperate whereby organizations combine their abilities and resources and as a result they gain competitive advantage. Generally, strategic alliance revolves around obtaining mutual benefits for the organizations that agree to form a particular defined working relationship. Organizations thus jointly agree to pursue a particular goal.

For enterprises to create a stronger and more successful operational presence, alliances are crucial building blocks. Alliances are not just a part of life for entities; they are also a crucial component of both present operations and long-term planning (Nippa & Reuer, 2019). The structure and dynamics of competition are altering globally due to the strategic notion of a strategic alliance. Even with their opponents, organizations prefer to work together rather than compete. Strategic alliances offer value and generate new capabilities and resources, laying the groundwork for efficiency and effectiveness that ultimately boost performance. While maintaining their autonomy, businesses collaborate to achieve goals of shared interest. In general, a corporation needs to know when partnerships make strategic sense and how to manage them for commercial outcomes in order to forge successful alliances. When viewed in the longer run, an alliance that is not currently essential to accomplishing a commercial goal may become so later on (Huda et al., 2019).

Strategic alliances have enabled firms to get effective ways of integrating new technologies in their operations hence enabling them to venture into new and emerging markets, although they are not easy to form and support. Strategic alliances are fast becoming a trend in the corporate business. Most corporate deals in today's business environment are based not on ownership, but on partnerships (Hill, Jones & Schilling, 2014). According to Amita, Pearce, Richard and Robinson (2011), development of key collusions empowers a firm to venture in serious fields which would have been difficult to endeavor all alone due to lack of competence and resource endowment. Firms can set cooperative strategies with an extensive range of resolutions of equity and non-equity associations (Brondoni, 2010). Firms adopt co-operative strategies since the external market conditions show a lack of internal resources that they need for them to survive in the competitive market and create value (Brondoni, 2010).

Through distribution partnership, banks act as an intermediary and hence offer products of another company. For instance, alliance between bank and insurance companies has led to emergence of Bancassurance where the bank offers insurance products of more than one insurance company (Chepkorir, 2016), (Alavudeen & Rosa, 2015). Alavudeen & Rosa (2015) cited that there was a bright future for bancassurance in the Indian insurance market. Bancassurance which is the integration of banking and insurance has been adopted as a distribution channel of insurance products (Chepkorir, 2016).

This relationship enables the bank to offer insurance products to its customers hence value creation in an area where it does not have internal expertise and an area that requires a lot of investments in operation (Quagliarello, 2004). Arora (2013) expressed that Insurance Companies require enormous distribution ability and extraordinary capacity to realize an immense client base. Bancassurance is a set of business services that can satisfy customers banking and insurance requirements. Through Bancassurance financial firms offer both banking and insurance services concurrently hence offering customers a one stop option for diversified financial products (Quagliarello, 2004). Banks act as corporate agents for insurance companies in distributing

insurance products and in return get commission for selling the insurance products while consequently enhancing the customer network for the insurance companies. Most tier 1 banks in Kenya have entered into a distribution partnership with insurance companies (Brahmam, Irala, & Pulugundla, 2004), (Teunissen, 2008). Jongeneel (2011), asserts that banks are able to identify progress in the customer livelihood and therefore can explore the opportunity to unlock suitable insurance products. Bancassurance boosts the bank's profits (Jongeneel, 2011).

Technological strategic alliance outsourcing has become an integral role in virtually every business process (Segelan, 2015). Subcontracting is largely explained as a choice taken by a firm to contract a third-party service provider who consequently offers and organizes resources and services for financial gains for a certain agreed duration (Kern & Willcocks, 2000). Banks are currently outsourcing services such as business internal review, data innovation (IT), HR and administrative activities, cash transfer, ATM administrations and card handling (Barako and Gatere, 2010). Information technology outsourcing has enabled banks to remain relevant and current with regards to innovation. Banks can keep pace with technological improvements and meet their customer needs by offering requests and innovations sourced remotely (Ader & Liu, 2011).

The essential unions among bank and cell phone organizations have been common (Wachira, 2013). The essential collusion between Bharti Airtel in India and Axis Bank empowered the bank to stretch out its financial administrations to many unbanked Indian residents through a cell phone platform. This partnership enabled the Indian residents who were monetarily left out in the conventional financial administration channels (Wachira, 2013). Branchless banking reaches out to the poor and marginalized individuals who can't have the option to get to the customary bank branch. It cuts down on conveyance and transaction expense (Wachira, 2013). Commercial Banks in Kenya have also ventured into new products and alliances with mobile phone companies in order to serve the market segments that cannot access the conventional banking services (Mathuva, 2009). Alliances with non-financial institutions such as mobile service providers or technology providers at large gives banks financial strength, increases efficiency in service delivery, enables access to new resources and enhances organization performance.

Non-Equity Strategic collusion is a less formal key union with less accomplice responsibility than equity key union and a joint endeavor (Gudergan, Devinney, Richter and Ellis, 2012). Lin and Darnall (2015), express that the principle objective of non-equity coalition is to empower organizations to share their unique abilities and assets to gain upper hand in the market. In non-equity coalition at least two organizations structure a partnership on an agreement premise without setting up a definite organization and accordingly they don't take value shares (Gudergan, et al, 2012).

Non-equity key coalitions are simpler to instrument contrasted with equity partnerships and joint endeavors. Such partnerships require less insight and no transfer of implicit or inferred assets and skills. Currently, such coalitions are on the increase among banks because of intricacy in tasks and the competitive business climate. General Motors Kenya and Cooperative Bank of Kenya signed a non-equity partnership deal that will make SMEs in Kenya have access to 95% financing for Isuzu vehicles at a 14% interest rate on reducing balance (Lin & Darnall, 2015). The financing set up will enable consumers access loans at a fair interest rate and without much struggle in obtaining own contribution. The partnership was aimed at bridging the gap of asset financing especially for customers who want to purchase vehicles. General Motors is able to refer its customers to Cooperative Bank of Kenya hence enhancing the banks clientele base and the portfolio of asset loans.

Kipchirchir (2009), conducted a study to identify the motives that triggers banks to engage in strategic alliances. The study also sought to establish banks experience in strategic alliances. The results of the study revealed that, joint sales, improved distribution channels and technology transfers as the main objectives of entering into non-equity strategic alliances. The banks accrued the benefits ranging from new business opportunities, customer satisfaction and increased convenience. The study revealed that profitability, technology, competition and value addition were the main reasons that encourage banks to seek non-equity alliances (Kipchirchir, 2009).

Amici et al. (2013), carried out a study of non-equity strategic alliances and joint ventures in European and US banking sector between 1999-2009. The study involved estimation of abnormal returns when the non-equity strategic alliances was involved and then regressed on large data sets of explanatory variables. The study revealed that, joint ventures and non-equity strategic alliances have the potential of creating shareholder value when non-banking financial partners were engaged and hence allowing banks to expand globally.

Gatwiri (2014), studied the impacts of key alliances on the performance of chosen business banks in South Nyanza Region, Kenya. The research examined five Commercial Banks in Kenya which included Equity Bank, Co-operative bank, Kenya Commercial bank, Barclays bank, and Diamond Trust Bank. The investigation set up that those partnerships empowered the banks to extend their geographical coverage mainly to individuals in the countryside hence increasing their financial avenues.

Ader and Liuo (2011), did research on how commercial banks and mobile phone firms use strategic alliances to address problems. The study focused on the coalition between Equity Bank (Kenya) and Safaricom (K) Ltd. The research likewise focused around the management of key coalitions within different divisions. Essential information was collected using interview and secondary data was acquired from written literature and analysis of recently recorded discussions between the two organizations. The study established that formation of strategic alliance was a suitable way for firms to overcome stiff competition.

Segelan (2015), studied the effects of strategic association amongst mobile specialist companies and business banks on banks performance in Kenya. The investigation set up that, framing key collusions with mobile specialist companies impact the profitability of Kenyan monetary institutions to a bigger degree. The exploration recognized that the essential partnership limits unessential expense, boosts productivity and enhance service delivery to customers.

Camison et al. (2014), gave exact evidence of the affiliation that is there among participating in mechanical key affiliations and business execution by considering the information based exceptional capacities that the collaboration can create as a mediating variable. The period of information in mechanical vital inclusions clarified the clashing results that emerge from the quick impact of key organizations on monetary execution. The examination used an illustration of Spanish industrialized firms. The results revelations demonstrated that the association among R&D and advancement vital affiliation and execution is mediated by the time of information based explicit capacities and that the contribution of the inclusion to the improvement of the association's information stock depends upon its arrangement of development abilities. The examination suggested that R&D heads ought to improve the progression of this kind of capacities in order to acknowledge unmatched execution.

Mwangi (2014), considered the impact of vital partnerships on the improvement of Kenya Commercial Bank Group. The examination found that coalitions give freedoms to taking an interest bank to take advantage of the assets, information and abilities of their accomplices. The investigation reasoned those essential partnerships offer potential for an association to use its assets abilities. The examination set up those essential collusions are positive and altogether related with association's intensity as far as improving the capacity revenue and extending market position due to growth in customer base and increased sales volume.

Owiti (2016), carried out research on challenges encountered in strategic agreement between Safaricom and Commercial Bank of Africa in the arrangement of M-shwari administrations. The study established that financial challenges, application challenges, operational challenges and customer attitudes created a positive impact on the provision and performance of M-shwari services. Barako & Gatere (2010), carried out research on subcontracting activities of the Kenyan banking sector. The study established that Commercial Banks in Kenya subcontract various capacities, for example, security services, transport services, ATM management services, employees training service and recruitment. A portion of these capacities are partially outsourced while others are fully outsourced.

Muiruri (2015), studied planned partnership and performance of Equity Bank in Kenya. The findings established that strategic partnerships between Equity Bank and its partners greatly improved the capacity and competence of the staff, making them well placed to handle customer needs thus improved service delivery. The findings also established that partnerships lead to acquisition of new customers through portfolio diversification.

Walekhwa (2011) carried out a study on impacts of strategic partnerships between Equity Bank and its accomplices on promoting choices. The conclusion was that strategic alliances combine competencies and capabilities enabling the partners to achieve what they could not do independently. Strategic partnership leads to efficiency and cost reduction at the same time increasing customer base and value for customers by giving or granting access to more products and services that the individual firms have no capabilities and competencies.

Supriyadi (2014), investigated on the impact of planned partnership on invention competence and commercial execution of clothing industry in West Java in Indonesia. The discoveries of the study established that strategic partnership is critical towards improvement of business performance as it enhances the innovation capability of an enterprise through co-development of resources.

Waweru (2014), studied influence of bancassurance on economic presentation of Kenyan monetary institutions, the research revealed that there was solid positive connection between bancassurance and economic presentation of Kenyan monetary institutions. The research also established that there was a negative association between yearly inflation rate and monetary execution of Kenyan monetary institutions.

Jin-lung, Vivian, Jennifer and Yen-chih (2017), examined Influence of bancassurance on bank execution. The investigation findings disclosed that banks with larger participation in bancassurance business normally are likely to improve in their efficiency and therefore accumulate

better proceeds. Consequently, the empirical outcomes provided a proof to substantiate that bancassurance business offers considerable profits for banks and consequently leading to a growth in shareholder value. The research outcomes also concluded that the adoption of a diversification strategy in bancassurance can influence bank performance.

A research on strategic alliance and the performance of information communication technology companies in Kenya was undertaken by Mong'are in 2016. Collaborative ventures, franchising, joint research and development, joint marketing, supply partnerships, and outsourcing were the primary strategic alliances used by ICT corporations. The majority of ICT companies employed the balanced scorecard to evaluate their financial and non-financial performance. The ICT companies' ability to increase their market share and operational efficiency is attributed to strategic alliances. Strategic partnerships have a considerable impact on ICT businesses' organizational performance, according to the regression analysis, and they also considerably contribute to that performance.

Kibira (2015) investigated on effect of strategic alliances on competitive advantage of commercial banks in Kenya. The study revealed that banks' decision to form strategic alliances with other firms was so as to generate more profits and market share. Other factors highlighted as reasons behind the formation of strategic alliances included to reduce operational costs, to overcome market entry restrictions and slow market penetration, for risk sharing purposes, to achieve economies of scale, learning new skills and knowledge, for socio-political factors/considerations, to increase efficiency and quality of services and for blocking a competitive threat. The study also found out that the existing strategic alliances had a significant influence on the banks' competitive advantage.

Mwereru (2018) conducted a study on the strategic alliances and performance of Non-governmental Organizations in the Human Rights Sector in Kenya. Out of 142 human rights organizations in Kenya, 50 were selected as the samples across the 10 categories of the human rights organizations. The response rate was 86%. 45.2% of the sampled organizations were local

and 40.5% were international organizations. Data was gathered via a questionnaire, analyzed, and then shown in graphs, charts, and figures. According to the report, 95 percent of human rights organizations join forces strategically. It was determined that NGOs take into account a number of aspects while building alliances, including resource sharing, dedication, and strong leadership. But obstacles like information gaps, delays in government clearances, and a lack of resources make it difficult to build strategic alliances that work. Strategic relationships have a considerable impact on how well firms function, according to a regression analysis. Some of the performance-improving strategies used in strategic alliances include technology, monitoring and evaluation, and stakeholder participation.

Nzuki (2016) assessed the strategic alliance and performance by Kenya Commercial Bank group limited. The research design led to gaining an in-depth understanding on banks forming strategic alliances. The population was composed of business development department, marketing, relationship manager, information technology manager and human resource managers as well as finance. Through the use of an interview guide with open-ended questions, data was gathered. The most appropriate method of analysis for the data's qualitative character was conceptual content analysis. The study found that corporations encountered obstacles when forming a strategic alliance, such as top management's lack of commitment and management's failure to devote enough resources to the process, legal and regulatory requirements for commercial enterprises, and conflicting priorities. Additionally, strategic alliances offer increased convenience, consumer pleasure, and new business opportunities. The research's conclusions showed that the key factors driving banks' desire for strategic alliances are profitability, technology, customer satisfaction, competitiveness, and value creation. It was noted that specific technology, culture in banks and benefits were the main challenges banks face when entering into strategic alliances.

Mangar (2017) looked at the performance of Kenya's commercial banks and the strategic alliance portfolio variety. The 42 commercial banks operating in Kenya served as the study's population. A questionnaire that was semi-structured was used to gather primary data. The results showed that allowing the alliance bank partners to develop a shared approach to problem solving was beneficial. According to the research, banks' readiness to share confidential information with their

alliance partners helps to curb their propensity for opportunistic behavior. The results also demonstrate that the alliance portfolio characteristics play a substantial moderating role in the diversity-performance connection of the alliance portfolio.

Onje and Oloko (2017) explored the effect of strategic alliances on the monetary results of Kenyan financial banks. The results of this study show that operational costs and performance leverage have a negative association amongst banks, although market share, efficiency, asset base, and bank branches have a positive link with income.

Onchwari (2017) conducted investigation on the impact of strategic alliances on performance among Kenyan mobile network carriers. Multiple regression analysis was used for data analysis. The study found that sharing of technology influences performance. Companies find it challenging to prosper on their own due to the high cost of technological infrastructure. Mobile banking was made necessary by technological improvement, and market variety has been made possible by global technological advancement. The study discovered that improved customer service influences performance in a beneficial way. It was discovered that performance is influenced by knowledge and competence. By creating a strategic alliance, a company can gain access to information and expertise in a particular area that they need. In strategic alliances, cost sharing affects performance. The firm's ability to control costs is influenced by the acquisition of new technology, which lowers its marketing costs. Activities that foster sharing result in cost reductions and increased revenue.

2.2.5 Government Regulations

The government requires banks to adhere to some boundaries and guidelines (Amuhinda, 2018). This is necessitated by the need to build market transparency amongst the banking establishments and the entities and corporations which they do business with. In this regard the government exercises control over the practices of the banking institutions. Control over the banks by the

government is through capital adequacy requirement, interest rates capping and non-listing of non-performing loans.

Capital adequacy is the quantity of capital that a banking institution must have before it begins its operations. Banks are required to have adequate capital in order to cushion its customers in event of huge loses hence the assets value of the bank should be higher than the total liabilities. Adequate capital decreases insolvency risk as the banks are well capitalized and able to meet their capital requirement (CBK, 2018). In order to spearhead value innovation strategies adequate capital is of necessity as argued out by dynamic capability theory hence if a bank does not have adequate capital, it might not be able to implement innovate strategies that are key to performance.

Government imposes interest rate capping in order to make credit affordable to micro- customers and small scale and medium enterprises. Interest rate cap is the boundary set on how high loan interest may be (Amuhinda, 2018). Interest rate capping is likely to reduce the ability and willingness of a banking institution lending out money especially to high-risk clients who lack collaterals. This consequently is likely to affect performance since interest rate is a crucial aspect that may positively or negatively influence performance of commercial banks (Wild, 2012). In order to spearhead value innovation strategies interest rate is of necessity as argued out by dynamic capability theory hence if a bank does not have adequate earnings, it might not be able to implement innovate strategies that are key to performance.

Non-listing on non-performing loans entails lifting or suspension of sharing of credit information amongst financial institutions regarding customers whose loans are in arrears or remains totally unpaid past the due date (CBK, 2021). The credit reference bureaus produce a borrower's credit ratings which are used by the financiers to evaluate the credit worthiness of the borrower. Faced with the suspension of listing of non-performing loans banks are likely to adopt a risk averse lending approach hence locking out customers who lack collaterals. This in return is likely to affect the performance of commercial banks due to reduced lending. In order to spearhead value innovation strategies banks needs adequate earnings hence faced with non-listing of non-

performing loans which leads to reduced lending as banks shy off from lending might slow down implementation of innovate strategies that are key to performance.

2.3 Conceptual Framework

Adom, Hussein and Agyem (2018), describes conceptual framework as a design that the investigator accepts can well clarify the normal advancement of the phenomenon to be examined. Conceptual framework demonstrates the link between independent and dependent variable of the study upon complete examination of theoretical and empirical literature. The independent variables in this study were processes innovation strategy, Technological change strategy, Positioning strategy and strategic alliances while the dependent variable was performance of commercial banks in Kenya. Numerous characteristics in each of variable was measured on a five-point likert scale to assess how strategies through value innovation impact on performance of commercial banks.

Independent variables

Dependent variable

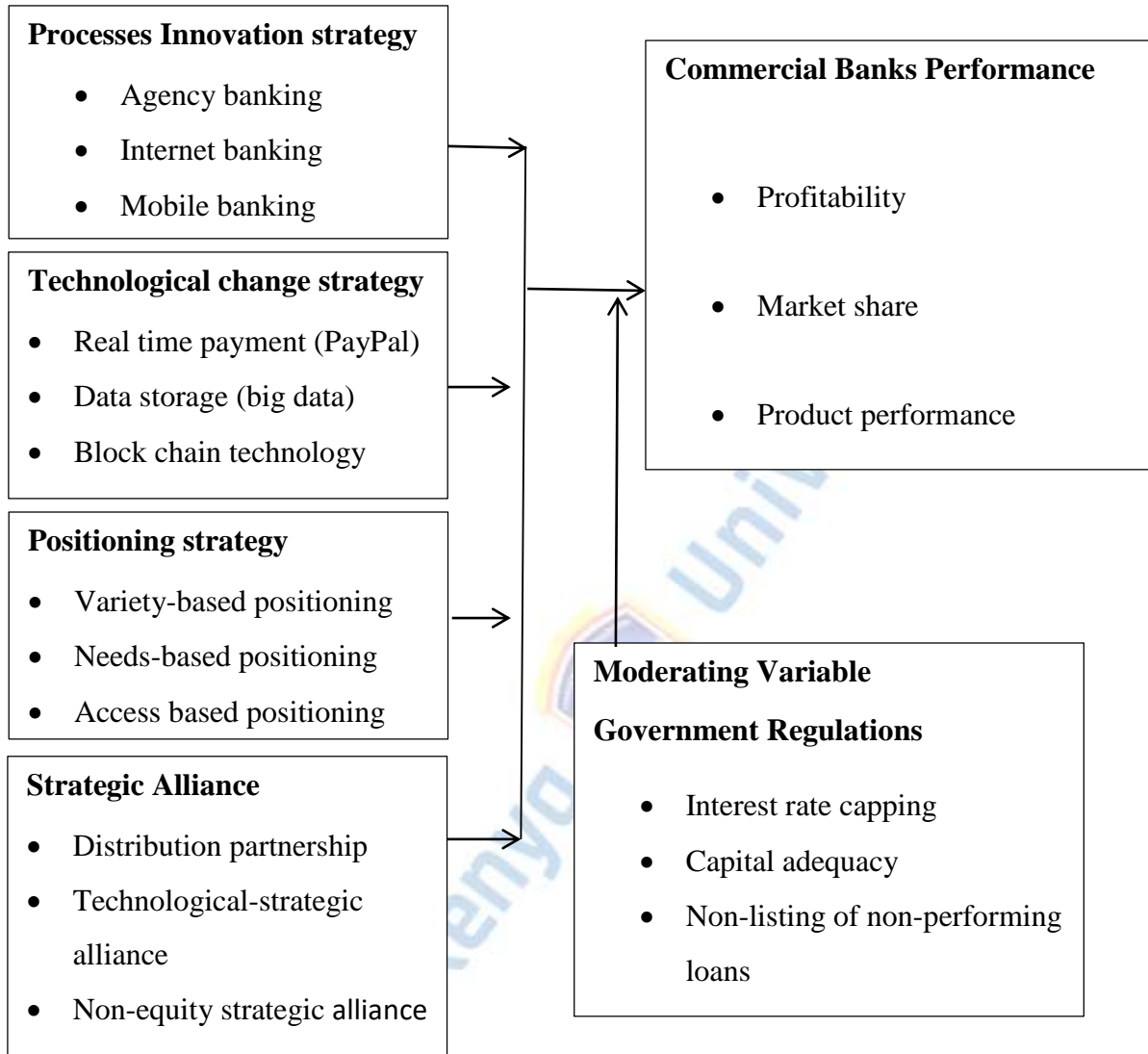


Figure 3: Conceptual Framework
Source: Researcher (2022)

2.4 Summary of Literature Review

Theories used focused on innovations that add value to customers translating to improved performance of Commercial banks. Dynamic capability hypothesis sees the organization capability to coordinate, form, and reconfigure interior and outer capabilities to address quickly evolving conditions. Dynamism is of quintessence in an association and in this way the

association's capacity to adjust to changes in the business climate. An organization need to possess adequate resources both human and capital in order to drive a value innovation strategy. The resources should be unique and difficult to imitate and with the ability to address the rapidly changing needs of customer in order to add value to them.

The diffusion of innovation theory explains features related to technology transfer and the rate of adoption such as relative advantage, compatibility, trailabilty and observability as essential features that influence the rate of technology adoption where innovative firms that are the first to try the innovation and grow new thoughts create value to customers compared to firms that are so rigid and skeptical of change. Diffusion of innovation widely supports the spread of agency banking, mobile technology, online banking, big data and block chain technology. Reconstructionist theory goes beyond the limits of conventional boundaries of doing business which entails beating competition and aim at discovering new market space and hence offering what value conscious customers want. Technology push theory asserts that technology pushes innovation to aid creation of new business and new ways of production which results to new products and services.

Empirical review focusses on studies done by different researchers, for instance Chavan (2013), Muisyo et al (2014), Mwando (2013), Rosemary (2017), Molonko & Jagongo (2014), Malenya (2017), Mbaluka (2013), Muluka (2015), Siddiqui and Qureshi (2017), Lee (2012), Aun (2014), Gatwiri (2014), Segelan (2015), Mwangi (2014), Owiti (2016), Waweru (2014), Jin-lung et al (2017), Kudate (2014), Kurgat (2017), David (2017) and Charles (2017). These studies substantiate the positive impact of innovation on organization performance while study findings by Kurgat (2017) concluded that online banking and EFT had insignificant contribution on monetary performance of Commercial Banks in Kenya hence a recommendation by the researcher for the area to be explored further.

2.5 Research Gap

It is apparent from the empirical assessment that most of the studies, for instance study by Segalan (2015), Muluka (2015) and Malenya (2017), focused on only one strategy of innovation and were mainly interested on its benefit to the organization without much focus on the value the innovation added to the customers. Consequently, some of the studies, for instance study by Aun (2014), Siddiqui & Qureshi (2017) and Jin-lung et al (2017) were not based on a Kenyan context while others did not cover Commercial banks, for instance study by Malenya (2017) and Rosemary (2017) and others the scope of the study was limited only to one bank, for instance study by Muluka (2015) and Owiti (2016). The researchers did not clearly link the strategy to creation of value to customers which consequently led to organization performance. This clearly portrays there is a gap of knowledge in this area of value innovation where organizations can add value to the customers and to the firm and at the same time enhance the performance of the organization through reduced cost, efficiency in service delivery and customer satisfaction. Therefore, this study seeks to assess how strategies through value creation to customers impact on organization performance specifically performance of Commercial Banks in Kenya.

Other researchers have also recommended a need for further study, for instance David (2017), did a study on strategic positioning and monetary execution of Commercial Banks in Kenya. The investigation discoveries reasoned that there was a positive connection among item and administration situating and execution of Commercial Banks in Kenya. The researcher recommended that future research should incorporate use of technological innovation along other positioning strategies to increase efficiency and effectiveness in terms of product innovation, customer satisfaction and market orientation. Kurgat (2017) in his study on influence of monetary developments on monetary performance of Commercial Banks in Kenya, the study revealed that mobile banking contributed largely to performance whereas online banking and EFT had insignificant contribution. The investigation suggested that agency and online banking need to be explored further as prospective zone for additional monetary performance. Charles (2017),

in his study on impact of agency banking on financial execution of business banks logged at the Nairobi stock trade- Kenya.

The examination uncovered that a constructive critical association was evident between agency banking and performance of monetary institutions listed at the Nairobi securities stock exchange- Kenya. The researcher recommended further research on other variables such as information technology platforms used by banks and their influence on banks performance. The researcher also recommended that further research can be done on other banks not quoted in the Nairobi securities stock exchange. Additionally, given the implication of Covid-19 and the negative impact it had on businesses especially decline in level of sales and demand for products and services, the researcher recommended for further research on innovation strategies adopted by Commercial banks in Kenya in the face of Covid-19 for survival and profitability. Therefore, this study sought to address the recommendations for further study by previous researchers by exploring other value innovation strategies and their influence on organization performance specifically performance of Commercial Banks in Kenya.

CHAPTER THREE: RESEARCH METHODOLOGY

3.0 Introduction

This chapter points out the means that were used in data collection, the study design, research philosophy, the population of the study, construction of the research instruments, validity and reliability of the research instruments and how the data was analyzed as well as the ethical considerations in the study.

3.1 Research Philosophy

Positivism research philosophy was adopted in the study. Positivism is a procedural philosophy in quantitative research where methods of natural sciences are applied in the study. The findings of the event under study must be measured and backed up by evidence (Hammersley, 2013). This prototype helps positivist researchers to analyze data and draw the conclusions of the study through scientific tests and methods such as sampling, use of questionnaire or focus group discussion. In positivism research, the actions of the researcher are restricted to data collection and interpretation through objective approach whereby the study findings are based on facts, evidence and are quantifiable. For the investigator to establish influence of value innovation strategies on performance of Commercial Banks in Kenya, scientific methods were used to gather data, examine and deduce results.

3.2 Research Design

According to Upagade & Shende (2012), a research design is the organization of settings for gathering, quantifying and examination of data so as to realize the desired results of the study. Explanatory research design was incorporated. Explanatory research enables identification of the link between the variable and the phenomenon being studied (Wyk,2011). It enabled the researcher create an in-depth understanding regarding the organization under study as well as establish

relationships between value innovation strategies and performance of Commercial Banks in Kenya which are the study variables and enable make generalization.

3.3 Target Population

The target populace denotes to the whole collection of people, events or objects that the investigator desires to study (Sekaran, 2014). Mugenda & Mugenda (2008), also describes the target populace as a distinct set of people, things, services, elements and events that are being studied. The study focused mainly on the 9 Tier 2 Commercial Banks in Kenya licensed by the Central Bank of Kenya with the top management bank employees as the key respondents.

The researcher focused on the Tier 2 banks since they have the potential of advancing to Tier 1 banks which despite being less in number controls over 70% in the banking industry. Pilot study was carried out at Family Bank Limited which is one of the Tier 2 banks. The bank was excluded from the final study. The target population comprised of 162 top management bank employees drawn from the 9 Tier 2 commercial banks. The final study was based on the remaining 8 Tier 2 banks after Family Bank Limited was excluded from the main study. Each of the 9 Tier 2 commercial banks has 1 Chief executive officer giving a total of 9 Chief executive officers, 9 senior staffs giving a total of 81 senior staff which include Director operations and technology, Director credit, Director human resource, Director finance and strategy, Director business development and productivity, Director corporate and institutional banking, Director retail banking, Director internal audit, risk and compliance and Director brand and corporate communication and 9 section managers from each of the 8 tier 2 banks giving a total of 72 section managers which include Retail banking manager, Corporate banking manager, regional banking manager, Private banking manager, Investment banking manager, Alternative business channels manager, Marketing manager and Finance manager.

The study employed census targeting the entire population of the 162 top management bank employees. The top management bank employees were used as the unit of enquiry as they possess valuable information and are knowledgeable on matters regarding the bank's strategies. This

enabled the researcher to obtain useful and the desired information in accordance to the goals of the study.

Table 2: Target Population.

Tier 2 Banks	Chief Executive Officer	Senior Staff	Section Managers
Bank of Baroda	1	9	8
Bank of India	1	9	8
Citi Bank	1	9	8
Eco-Bank	1	9	8
SBM Bank (K) Ltd	1	9	8
Housing Finance Corporation	1	9	8
National Bank	1	9	8
Prime Bank	1	9	8
Family Bank	1	9	8
Sub-Total	9	81	72
TOTAL			162

Source: CBK Financial Report, (2021).

3.4 Sampling Procedure and Techniques

A sample is a group of people or objects selected from a distinct population which has similar discernible features as those of the entire population (Chetty, Johanson and Martin ,2014).

Mugenda and Mugenda (2004) defined sampling as a list that contains the names of all the elements to be selected to participate in the study from a given population. This study employed complete enumeration of the top management employees and therefore stratified sampling

technique was employed in the study where 9 chief executive officers, 81 senior staff/ directors and 72 section managers all drawn from the nine Tier 2 banks in Kenya were sampled giving a sample size of 162 top management bank employees.

Table 3: Sample Size Determination

Category	Sample Size
Chief Executive Officers	9
Senior Staff	81
Section Managers	72
Total	162

Source: Researcher, 2022

3.4 Data Collection

Both primary and secondary data was gathered. Primary data was collected from organized respondents using a questionnaire. Cooper and Schindler (2014), characterizes a survey as a progression of inquiries based on the researcher's topic of interest on which the respondents' opinions are sought. Secondary data was collected from relevant literature materials, organization's annual reports and publications as well as from the website. Quantitative and qualitative data was collected. Qualitative information is non-numerical data that is based on content analysis whereas quantitative information is numerical data (Kothari, 2014). The qualitative data was changed into quantitative data by use of a 5 Likert scale. Using the qualitative data the investigator was able to acquire comprehensive facts about the subject under study consequently founding trends and associations from the facts gathered. Information was collected from the top management bank employees since they are viewed to be the most knowledgeable and hence this enabled the investigator to obtain in-depth information about the phenomenon under study. The data was used to test the hypothesis of the study.

The respondents included the management team comprising of chief executives, senior staff and the section managers from the 9 Tier 2 banks in Kenya though one of the banks that had been considered for pilot study was excluded in the final study and data for the final study was collected from the other 8 Tier 2 banks in Kenya. The researcher was interested in finding out the influence, processes innovation strategy, technological change strategy, positioning strategy and strategic alliance has on performance of Commercial Banks in Kenya as well as the moderating influence of government interference on relationship between value innovation strategies and performance of Commercial Banks in Kenya.

3.5 Construction of the Research Instrument

A research instrument is a measurement tool used by a researcher to obtain information based on researcher's topic of interest from the respondents of the study (Kothari, 2014). Structured questionnaire was the main research tool. The questionnaire had both open and closed ended questions. The research instrument contained two main sections. Section A for general assessment; section B for assessment of value innovation strategies as the independent variable which was included in the assessment of processes innovation strategy, technological change strategy, positioning strategy and strategic alliance as well as the assessment of government regulations as the moderating variable and the assessment of organization performance as the dependent variable. Questions in section B were based on a 5 likert scale.

3.6 Validity and Reliability of Research Instruments

Validity is the level in which the outcomes acquired from the examination of the information really address the phenomena under investigation (Sekaran, 2014). The validity in this study was the degree to which research tools that were used to collect the information, measured what it was intended to measure. Validity is the level at which inferences drawn from the research findings can be said to be accurate and meaningful. Validity is about the excellence of information collecting tool or techniques that allow the tool to quantify what it is intended to quantify (Kumar,

2009). Pilot examination was done to assess the content validity of the questionnaire. The respondents for the pilot study was drawn from one of the 9 tier 2 commercial banks in Kenya.

Reliability is the level to which a study tool provides steady findings continuously time and again (Sekaran,2014). Reliability test was conducted to measure the internal constancy amongst the study variables. Cronbach's alpha coefficient was worked out to measure the reliability.

3.6.1 Pilot Test

Pilot test was conducted to test the legitimacy and dependability of the investigation instrument. According to Saunders et al (2009), Pilot testing enables to establish what amount of time was required to respond to the questions, how clear the guidelines were, whether there was any unclear question, whether the format was clear and appealing.

The investigator carried out pilot test in order to examine validity of the questionnaire in collecting the data essential for the resolves of the study. Pilot test was carried out by picking respondents from one of the 9 tier 2 banks in Kenya. In this study Family Bank limited as one of the Tier 2 banks was considered for pilot study. 18 respondents from the top management team at Family Bank Limited were considered for the pilot test through convenience method. The pilot respondents were excluded from the main study. As indicated by Etikan, Musa and Alkassim (2015), convenience method permits assortment of information from members who are easily accessible hence making it quick and affordable. Validity was tested in respect to content validity which is the magnitude to which the measurement tool enables the respondents to answer the research questions with ease and precision. To confirm content validity of the questionnaire, two top bank management staff were chosen randomly and requested to review the statements in the questionnaire and advise whether they fit the study variables under investigation and whether the statements were significant and clear. This enabled the researcher to refine the questionnaire to enable the respondents answer the questions without difficulty hence facilitating data collection and recording.

Pilot study was also conducted in order to test the reliability of the research instrument. The check was done to determine whether the various items under each of the study variable gave similar findings across the various respondents involved in the pilot study. In this study reliability test was carried out to establish whether the questionnaire yields steady results. Reliability was measured using Cronbach Alpha. Alpha coefficient ranges from 0 to 1 and the higher the scores the more reliable the research instrument. The findings of the study gave an overall reliability of 0.808 which is above the Cronbach Alpha coefficient set at 0.7. This implies that the research instrument was reliable.

The findings meant that the main instrument applied in this examination was very reliable. As a measure of criterion related validity or instrumental validity, the reliability of this instrument was likened to related studies. Sultan and Wong (2014) used an instrument with alpha (α) = 0.8462 and considered it reliable. While Weor, (2018) construed an overall Cronbach's α = 0.8339 as reliable in investigating the association between service excellence and customer likings. As clearly explained by Mugenda and Mugenda, (2003), as a rule of thumb, reliability of 0.7 and above is considered as sufficient and therefore recommended.

3.7 Data Collection Method and Procedure

Viswanathan (2005) describes a data collection procedure as a plan of activities that are involved in a given study. Drop and pick technique was used where the questionnaires were delivered to the target respondents. The researcher introduced herself to the relevant respondents and clarified on the nature and intention of the study before leaving with them the questionnaires together with a cover letter detailing the motive of the study and guaranteeing the respondents confidentiality of information given. Follow up for the filled in questionnaire was done through personal visits, emails and telephone calls. The questionnaires were then collected after two weeks in order to allow the respondents adequate time to fill them. For those who had not filled in within the two weeks, the questionnaires were picked later in accordance with the agreement with the respondents.

3.8 Data Analysis and Presentation

The data was examined using both descriptive and inferential statistics. Before the analysis, the study variables were exposed to factor analysis so as to test the significance of each statement and eliminate any statement that had a high collinearity. Descriptive statistics involved the measures of central tendency and measures of dispersion for likert scale variables in the questionnaire. In this regard the calculation of mean as a measure of central tendency and calculation of standard deviation as a measure of dispersion (Sekeran & Bougie, 2011). The results of the descriptive statistics were availed in tables.

Inferential statistics entailed correlation and regression analysis. Before the analysis was carried out three main assumptions of parametric examination which involves the test for normality, multicollinearity and Homoscedasticity were carried out. Correlation was used to analyze the strength and direction of association between two variables. It ranges from -1.0 to 1.0 (Sekeran & Bougie, 2011). A value closer to +1 shows a strong positive relationship whereas a value closer to -1 shows a strong negative relationship at a significance level of less than 0.05. Hypothesis testing was done at a confidence level of 95% where, if the P-value was ≤ 0.05 the null hypothesis was rejected. Regression analysis was done to examine whether an independent variable predicts a given dependent variable. Multiple regression analysis was used to analyze the data after it has been checked for consistency and then coded. The ANOVA statistics (F-test) was used to present the regression model significance;

$$Y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \varepsilon \quad \text{Where;}$$

Y= Performance of Commercial Banks in Kenya

β_0 = Regression constant. Constant or intercept which is the value of dependent variable when all the independent variables are zero.

$\beta_1, \beta_2, \beta_3, \beta_4$ - Regression coefficient for each independent variable.

x_1 =Processes innovation strategy

x_2 =Technological change strategy

x_3 =Positioning strategy

x_4 = Strategic alliance

ε = Random Error component

3.8.1 Operationalization of Variables

Category	Variable	Indicator	Measurement of variable
Dependent variable	Performance of commercial banks	Profitability Market share Product performance	On a scale of 5 to 1 where 5 is over 80% influence on performance of commercial banks and 1 is below 20% influence on performance of commercial banks
Independent Variable	Processes innovation strategy	Mobile banking Agency banking Internet banking	On a scale of 5 to 1 where 5 is to very large extent and 1 is to a very low extent.
Independent Variable	Technological change strategy	Real time payment Big data solution Block chain technology	On a scale of 5 to 1 where 5 is to very large extent and 1 is to a very low extent.
Independent Variable	Positioning strategy	Needs based positioning Variety based positioning Access based positioning	On a scale of 5 to 1 where 5 is to very large extent and 1 is to a very low extent.
Independent Variable	Strategic alliance strategy	Distribution partnership Technological-strategic alliance Non-equity strategic alliance	On a scale of 5 to 1 where 5 is to very large extent and 1 is to a very low extent.

3.9 Ethical considerations

Ethical values and concerns relating to information gathering were taken into account so as to guarantee that the respondents are not at threat. Privacy of the material gathered was upheld and permission from the contributing organizations and respondents pursued. Approval was also sort from all pertinent institutions including, The researcher sort a certificate of Ethical Clearance from Mount Kenya University Ethical Review Committee and an authority letter to collect information from Mount Kenya University post graduate school. Additionally, the researcher sort a research authorization from the National Commission for Science, Technology and Innovation (NACOSTI)

Ethical concerns linked to information collection were considered by ensuring that permission was sought from the participating financial institutions, consent from the respondent to participate in responding to the questionnaire was also sort and confidentiality assured. Ethical matters associated with data analysis were considered by guaranteeing that information will only be utilized for what it is envisioned. Ethical matters concerning writing and reporting information assembled was also adhered to by checking language and words used. The researcher avoided biasness and acknowledged the works of other researchers, writers or authors.

CHAPTER FOUR: RESEARCH FINDINGS AND DISCUSSIONS

4.0 Introduction

This chapter presents the findings and discussion of the results of the study on value innovation strategies on performance of Commercial Banks in Kenya. The intent was to address the specific objectives of the study. The chapter is classified into two major segments. The first segment covers; the response rate, final reliability scores and demographic information of respondents. The second segment is ordered systematically in accordance to the objectives of the study specifically; influence of Processes innovation strategy, influence of technological change strategy, influence of positioning strategy, influence of strategic alliance on performance of Commercial Banks in Kenya and moderating influence of government regulations on relationship between value innovation strategies and performance of commercial banks, Kenya.

4.1 Pilot Results

Pilot study was done by picking respondents from one of the 9 tier 2 banks in Kenya. In this study Family Bank limited as one of the Tier 2 banks was considered for pilot study. 18 respondents from the top management team at Family Bank Limited were considered for the pilot test through convenience method. The 18 respondents drawn from Family Bank Limited comprised of 1 chief executive Officer, 9 senior staffs (directors) and 8 section managers. The pilot respondents were excluded from the main study. As indicated by Etikan, Musa and Alkassim (2015), convenience method permits assortment of information from members who are easily accessible hence making it quick and affordable. Validity was tested in respect to content validity which is the magnitude to which the measurement tool enables the respondents to answer the research questions with ease and precision. To confirm content validity of the questionnaire, two top bank management staff were chosen randomly and requested to review the statements in the questionnaire and advise whether they fit the study variables under investigation and whether the statements were significant and clear. This enabled the researcher to refine the questionnaire to enable the respondents answer the questions without difficulty hence facilitating data collection and recording.

In this study reliability test was carried out to establish whether the questionnaire yields steady results. Reliability was measured using Cronbach Alpha at an alpha value of 0.7 as the threshold. Alpha coefficient ranges from 0 to 1 and the larger the scores the greater the reliability of the research instrument.

Table 4: Reliability Results

Variables	No. of items	Cronbach Alpha Coefficients
Processes Innovation Strategy	9	.709
Technological Change	9	.910
Positioning Strategy	9	.858
Strategic Alliances	9	.767
Performance of commercial banks	9	.796
Overall	45	.808

Source: Researcher (2022)

Table 4 displays the reliability results. The discoveries of the study gave an overall reliability of 0.808 which is above the Cronbach Alpha coefficient set at 0.7. This infers that the exploration instrument was dependable. The discoveries of the review show the dependability coefficient of the things as follows, Processes development methodology had a coefficient of 0.709, Technological change system had a coefficient of 0.910, Positioning technique had a coefficient of 0.858, vital collusion had a coefficient of 0.767, Performance of business banks had a coefficient of 0.796 and the general coefficient was 0.808. These outcomes assign that the inside consistency proportions of the factors were good and legitimate as the Cronbach Alpha co-productive outperformed the preset limit of 0.7 subsequently the primary instrument utilized in this investigation was truly dependable. As a proportion of measure of associated legitimacy or instrumental legitimacy, the unwavering quality of this instrument was contrasted with associated

examinations. King and Wong (2014) used an instrument with alpha (α) = 0.8462 and considered it solid. While Ling and Lih (2005) deciphered a generally Cronbach's α = 0.8339 as dependable in looking at the connection between administration excellence and client inclinations. As obviously made sense of by Mugenda and Mugenda, (2003), as a guideline, dependability of 0.7 or more is thought of as adequate and consequently suggested. This is likewise upheld by Muchina, Namusonge and Sakwa (2015) who considered an overall reliability of 0.8 as adequate.

4.2 Response Rate

The researcher distributed 144 questionnaires for data collection to the top bank management employees in 8 Tier 2 Commercial banks in Nairobi County. The questionnaires were 144 since the main study was based on 8 Tier 2 banks and the target respondents in each of the bank were 18 respondents. This was after excluding one of the Tier 2 banks whose respondents had participated in pilot study. After distributing the instruments, it was necessary to account for those who actually participated in completing the questionnaires in order to ensure that the response rate was representative. Out of the 144 questionnaires given for information assortment to the respondents, a sum of 120 surveys representing 83.3% of the all target respondents were replied by the respondents and returned. As per Mugenda and Mugenda (2004), a reaction pace of above 70% is a good portrayal. The reaction rate credits believability to the examination and the ensuing outcomes. A low reaction rate might subvert the factual capacity of the gathered information and thus, weaken the dependability of the outcomes. This outcome in the review was demonstrative of the total or bigger populace. The consequences of the reaction rate are displayed in Table 5.

Table 5: Response Rate

Respondents	Frequency	Percentage
Respondents	120	83.3
Non-Respondents	24	17.3
Total	144	100

Source: Researcher (2022)

4.3 Demographics and Background Characteristics

This section presents a brief description of the demographic characteristics of respondents, such descriptions were important in providing a better understanding of the key respondents included in the study and therefore provide a good foundation for a detailed discussion of the results based on the stipulated objectives of the study. The demographic data consisted of level of education, age of respondents and the number of years worked in the specific bank. It was important to profile the respondents and understand their demographic characteristics.

4.3.1 Level of Education of respondents

Table 6: Level of education

	Frequency	Percent
Degree Qualification	66	55
Master Qualification	30	25
PhD Qualification	24	20
Total	120	100

Source: Researcher (2022)

Table 6 shows the level of education of the respondents. The findings were that out of 120 respondents, 24 (20.0%) had Phd qualification which was the highest qualification level, majority of respondents 66 (55%), had degree qualification and 30 (25.0%) respondents had masters

qualification. This was essential since there was a necessity to reveal if the respondents had appropriate understanding of concept under study. These findings were consistent with those of Makhokha (2017) which indicated that most of the bank employees were degree holders. The analysis showed that employees had proper understanding of concept under study.

4.3.2 Age of respondents

Table 7: Age of respondents

Age Brackets	Frequency	Percent
25 and below	6	5.0
26-35 Years	6	5.0
36-45 Years	60	50.0
Above 45 Years	48	40.0
Total		100.0

Source: Researcher (2022)

Table 7 shows the age of the respondents. In this study out of 120 respondents 6 (5.0%) were aged 25 years and below and the same number of respondents was the case for those aged between 26-35 years. 60(50%) respondents were aged between 36-45 years and 48 (40%) respondents were above 45 years of age. Banking sector requires experienced employees which relates with age and thus it can be resolved that employees possessed the vital experience that would spearhead the embracement of innovation in banking sector. This agrees with the study by Makhokha (2017) which established that most bank managers were above their youthful age.

4.3.3 Years worked in the bank

Table 8: Years worked in the bank

	Frequency	Percent
Below 5 Years	20	16.7
5-10 Years	22	18.3
11-15 Years	38	31.6
Over 15 Years	40	33.3
Total	120	100.0

Source: Researcher (2022)

Table 8 shows the years worked in the bank by the respondents. In this study out of 120 respondents 20 (16.7%) had worked in the specific bank for less than 5 years, 22 (18.3%) had worked in the specific bank for a period between 5-10 years, 38(31.6%) had worked for a period between 11-15 years and 40 (33.3%) had worked for over 15 years in the particular bank. This shows that countless the banks workers had extensive financial knowledge. Those with minimal knowledge were the people who had worked for 0-5years and represented 16%. Banks needs knowledgeable representatives and it can subsequently be inferred that respondents had the knowledge that was worthwhile in understanding the operations and the culture of the bank and that would promote the adoption of the needed innovations in the banking sector.

4.4 Descriptive Results

Descriptive analysis was carried out on each study variable. The independent variables of the study were processes innovation strategy, technological change strategy, positioning strategy and strategic alliance and the dependent variable was performance of commercial banks. All the independent variables were subjected to factor analysis. Firstly, Factor analysis was carried out on each study variable in order to evaluate the significance of the research statements and the strengths of the determinants under each study variable. Any item that got a value below 0.5 on communalities was left out on the succeeding analysis. After factor analysis of each study variable, the descriptive statistics that is the mean and the standard deviation for each variable were calculated.

4.4.1 Processes innovation strategy and performance of Commercial Banks, Kenya

This was the first objective of the research on which factor examination was finished and afterward descriptive investigation performed to find out the impact of processes innovation strategy on performance of commercial banks in Kenya.

4.4.1.1 Factor analysis for Processes Innovation Strategy

Factor examination was done on the investigation variable to assess the meaning of each exploration statement and the qualities of the determinants under the review variable. As indicated by Yong and Pearce (2013), factor examination is by and large used to refocus factors into a limited arrangement of groups in light of shared change. Factor Analysis is fundamental in examination to test for advanced legitimacy and characterize variation among observable factors and furthermore to check for any connection among factors to diminish overt repetitiveness in information (Hair et al., 2010). Any item that got a value less than 0.5 on communalities was left out on the succeeding analysis.

Table 9: Total Variance Explained (Processes Innovation Strategy)

Component	Initial Eigen values			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.771	64.125	64.125	5.771	64.125	64.125
2	.853	9.476	73.600			
3	.632	7.020	80.620			
4	.548	6.093	86.713			
5	.406	4.516	91.229			
6	.303	3.371	94.599			
7	.206	2.285	96.884			
8	.174	1.939	98.823			
9	.106	1.177	100.000			

Extraction Method: Principal Component Analysis.

The extraction of the factors used the Kaiser Criterion where an Eigen value of 1 or more indicates a unique factor (Linyiru et al 2015). Table 9 presents the Total Variance analysis for Processes innovation strategy measures which consisted of 9 statements which show that all observable variables measuring construct of processes innovation strategy can be factored into one factor as was hypothesized by the researcher. One factor accounted for 64.125% of the original variables which is total variance made sense of by the extricated factor. The findings are as displayed in Table 9. Absolute difference demonstrates that the 9 assertions on processes advancement procedure can be calculated into 1 variable. Absolute change made sense of by the extricated factor is 64.125% as displayed in the table.

Table 10: Factor loading for constructs of Processes Innovation Strategy

Measures	Factor Loading
Customers can access essentials services cash withdrawals, bills payment and cash deposit in nearby agent outlets.	.892
Customer's transactions are not restricted to the bank's hours and days of operations due to agency.	.877
Customers using agency banking are more than those who visit the bank.	.869
Customers can access essentials services cash withdrawals, bills payment and cash deposit at the comfort of their homes or offices because of Internet banking.	.866
Customers no longer have to queue for long hours in the banking hall.	.804
Customers transactions are not restricted to the banks hours and days of operations.	.768
Customers can access essentials services cash withdrawals, bills payment and cash deposit at comfort of homes and offices because of mobile banking.	.722
Customers using mobile banking are more than those who visit bank.	.718
Customers transactions are not restricted to the banks hours and days of operation.	.654

Extraction method: principal component analysis.

A Principal Component Analysis with varimax rotation was also performed on the nine observable variables under processes innovation strategy. Table 10 shows that all 9 observable statements in the questionnaire fitted well under latent construct of processes innovation strategy. This meant that the individual statements under processes innovation strategy were strong enough to collect the required information under study. The results indicate that all the statements on processes innovation strategy attracted coefficients of more than 0.5 on communalities, implying that each individual statement under construct of processes innovation strategy was strong and valid enough to collect required data. This is in line with Field (2000) who explain that a factor loading greater

than 0.5 has good reliability and validity that leads to desirable solutions. Therefore, these results provided a justification for further statistical analysis to be conducted. Hence all the 9 statements measured well the underlying variable of processes innovation strategy and performance of commercial banks in Kenya and were retained for further analysis.

4.4.1.2 Descriptive Analysis for Processes Innovation Strategy

The first objective was to determine the influence of processes innovation strategy on performance of commercial banks in Kenya. Processes innovation was in terms of mobile banking, internet banking and agency banking. The descriptive results was measured in a scale of 1-5 where 1 meant that the respondent did not at all agree with the given statement, 2 meant the respondent agreed to a low extent, 3 meant the respondent agreed to a moderate extent, 4 meant the respondent agreed to a great extent and 5 meant the respondent agreed to a very great extent. The standard deviation provides the disparities of the responses from the mean. It shows how far the responses to each factor diverge from the mean. Linyiru et al (2015) designated that a standard deviation of more than one (1) designates those responses are moderately distributed while those with less than one (1) implies there was disparities on the responses obtained.

Table 11: Processes innovation strategy and performance of commercial banks

Descriptive Statistics			
	N	Mean	Std. Deviation
Customers can access essentials services cash withdrawals, bills payment and cash deposit in nearby agent outlets	120	3.241	0.8312
Customer's transactions are not restricted to the bank's hours and days of operations due to agency banking	120	3.489	0.7123
Customers using agency banking are more than those who visit the bank	120	3.229	0.9080
Customers can access essentials services cash withdrawals, bills payment and cash deposit at the comfort of their homes or offices because of Internet banking	120	4.420	0.9020
Customers no longer have to queue for long hours in the banking hall	120	4.175	1.2996
Customers transactions are not restricted to the banks hours and days of operations	120	4.320	1.2996
Customers can access essentials services cash withdrawals, bills payment and cash deposit at comfort of homes and offices because of mobile banking	120	4.700	1.0571
Customers using mobile banking are more than those who visit bank	120	4.712	0.5845
Customers transactions are not restricted to the banks hours and days of operation	120	4.616	1.058
Valid N (listwise)	120		

Source: Researcher (2022)

The findings in table 11 show that adoption of mobile banking has enabled customers to access essential services at the comfort of their homes and offices and there was a strong agreement with

a Mean=4.700, SD 1.0571). The study also found that there was strong agreement that adoption of mobile banking had doubled the numbers of customers who access bank services using mobile device (Mean=4.712, SD 0.5845). Similarly, there was a strong agreement that as a result of adoption of mobile banking customers transactions are no longer restricted to the banking hours and days of operations (Mean 4.616, SD=1.058). On internet banking, most respondent were in strong agreement that internet banking has improved accessibility of essential services such as online payment as shown by mean of 4.4201 and SD 0.9020, respondents similarly agreed that adoption of internet banking means that customers no longer have to queue for long hours in banking halls as denoted by Mean of 4.175 and SD 1.2996 as well as agreement that adoption of internet banking has ensured that customers are not restricted to bank's hours and days of operation Mean 4.320 and SD of 1.2996 and hence making mobile and internet banking are key drivers of performance of commercial banks. The findings of the study show a moderate standard deviation hence the responses were moderately distributed. The study findings were in agreement with the study by Chavan (2013) which revealed that due to mobile and internet banking, most banks have improved performance in terms of increased transactions, improved accessibility and flexibility in that customers are able to access banks services beyond working hours.

Most respondents' feedback was moderate on extent of adoption of agency banking. accessibility of essential services such as cash withdrawal, bill payment and cash deposits through agency banking had Mean of 3.241 and SD of 0.8312, whether adoption of agency banking has placed less restriction to bank hours and days of operation had a Mean of 3.489 and SD 0.7123, as well as that customer using agency banking are more than those who visit the bank had a Mean 3.229, SD=0.908. A study done by Mwando (2013), in his examination on commitment of agency banking on financial execution of banking institutions in Kenya, revealed that banks had reduced costs of operation through agency banking while at the same time increasing monetary execution of commercial banks hence agency banking made financial services accessible to customers hence impacting positively on monetary performance of Commercial Banks in Kenya.

Generally, the overall mean of adoption of processes innovation strategies was strongest at mobile banking, followed by internet banking and lastly agency banking.

4.4.2 Technological Change Strategy and performance of Commercial Banks, Kenya

This was the second objective of the study on which factor analysis was done and then descriptive analysis performed to investigate the influence of technological change strategy on performance of commercial banks in Kenya.

4.4.2.1 Factor analysis for Technological Change Strategy

Factor analysis was carried out on the study variable in order to evaluate the significance of each research statement and the strengths of the determinants under the study variable. As per Yong and Pearce (2013), factor examination is by and large used to refocus factors into a confined arrangement of groups in light of shared difference. Factor Analysis is essential in examination, to test for build legitimacy and characterize fluctuation among noticed factors and furthermore to check for any connection among factors to diminish overt repetitiveness in information (Hair et al., 2010). Any statement that got a worth underneath 0.5 on communalities was forgotten about on the succeeding investigation.

Table 12: Total Variance Explained- Technological Change Strategy

Comp..	Initial Eigen values			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.121	65.884	65.884	3.121	65.884	65.884
3	.943	13.477	79.361			
4	.586	8.369	87.730			
5	.379	5.413	93.143			
6	.294	4.206	97.349			
7	.186	1.100	98.449			
8	.152	1.002	99.451			
9	.108	0.549	100.000			

Extraction Method: Principal Component Analysis

The extraction of the elements utilized the Kaiser Criterion where an Eigen worth of at least 1 shows an extraordinary component (Linyiru et al 2015). Table 12 presents the Total Variance

analysis for technological change strategy measures which consisted of 9 statements which show that all observable variables measuring construct of technological change strategy can be factored into one factor as was hypothesized by the researcher. One factor accounted for 65.884% of the original variables which is total variance explained by the extracted factor. Total variance indicates that the 9 statements on technological change strategy can be factored into 1 factor.

A Principal Component Analysis with varimax rotation was also performed on the nine observable variables under technological change strategy. Table 13 shows that all 9 observable statements in the questionnaire fitted well under underlying concept of technological change strategy. This meant that the individual statements under technological change strategy were strong enough to collect the required information under study. The results indicate that all the statements on technological change strategy attracted coefficients of more than 0.5 on communalities, implying that each individual statement under construct of technological change strategy was strong and valid enough to collect required data. This is in line with Field (2000) who explain that a factor loading greater than 0.5 has good reliability and validity that leads to desirable solutions. Therefore, these results provided a justification for further statistical analysis to be conducted. Hence all the 9 statements measured well the latent variable of technological change strategy and performance of commercial banks in Kenya and were engaged in subsequent examination.

Table 13 Factor loading for constructs of Technological Change Strategy

Measures	Factor Loading
Real time payment Offers speedy and timely services to customer.	.899
Enables Collaborations and making of electronic transactions with other firms and businesses	.882
Enables easy transfer of funds electronically from one customer to another through the internet platform	.844
Big data solution helps in Simplifying transaction processes	.754
Easy identification of customer information and safeguarding the information	.800
Enables banks to offer needs based services to customers	.713
Block chain helps in Simplifying transaction processes	.702
Always communicating and keeping the customer informed	.799
Safe guarding customers information	.701

Extraction Method: Principal Component Analysis

4.4.2.2 Descriptive Analysis for Technological Change Strategy

The second objective was to investigate the influence of technological change strategy on performance of commercial banks in Kenya. The technological change strategy had three items of study, which included real time payment, big data solution, and block chain technology.

Table 14: Technological change strategy and performance of commercial banks

Descriptive Statistics			
	N	Mean	Std. Deviation
Real time payment offers speedy and timely services to customers.	120	3.5799	1.111
Enables collaborations and making of electronic transactions with other firms and businesses.	120	4.1302	.7300
Enables easy transfer of funds electronically through the internet from one customer to another.	120	3.7103	.8233
Big Data solution helps in Simplifying transaction processes.	120	4.0000	1.2010
Easy identification of customer information and safeguarding the information.	120	3.9400	1.2210
Enables banks to offer needs based services to customers.	120	3.7813	1.3320
Block chain helps in Simplifying transaction processes.	120	4.3100	1.3320
Improves communication and always keeps the customer informed.	120	3.8200	1.1402
Safe guarding customers information.	120	4.0002	.94080
Valid N (listwise)	120		

Source: Researcher (2022)

Table 14 shows the findings for technological change strategy. Real time payment showed there was a moderate agreement and the results were as follows; real time payment offers speedy and timely services to customers with a mean of 3.5799 and standard deviation of 1.111, real time payment enables collaborations and making of electronic transactions with other firms and

businesses had a mean of 4.1302 and standard deviation of .73000 and that real time payment offer easy transfer of funds electronically through the internet from one customers to another a mean of 3.7103, and standard deviation of .82338. This agrees with the study by Malenya (2017) which established that Paypal had replaced the use of money orders and cheques and is used as a mode of payment by many business owners and senior business managers.

The responses given by the respondents under big data solution showed a strong agreement and were as follows; that big data help in Simplifying transaction processes with a mean of 4.0000 and standard deviation of 1.2010, big data facilitate identification of customer information and safeguarding the information mean of 3.9400 and standard deviation of 1.2210 and that big data helps banks to offer needs based services to customers mean of 3.7813 and standard deviation of 1.3320. This is in agreement with a study by Siddiqui & Qureshi (2017) which established that banks were embracing big data technology as it facilitated securing and safeguarding of customers information.

The responses given by the respondents under block chain technology also showed a strong agreement and were as follows; that block chain help in Simplifying transaction processes with a mean of 4.310 and standard deviation of 1.3320, block chain help in improving communication and always keeps the customer informed mean of 3.8200 and standard deviation of 1.1402 and that block chain enables safeguarding customers information mean of 4.0002 and standard deviation of 0.94080.

Generally, the overall mean of adoption of technological change strategy was strongest at block chain technology, followed by big data and lastly real time payment. The deviation from the mean was moderate implying the responses were moderately distributed. Linyiru et al (2015) designated that a standard deviation of more than one (1) designates those responses are moderately distributed while those with less than one (1) implies there was disparities on the responses obtained.

4.4.3 Positioning Strategy and performance of Commercial Banks, Kenya

This was the third objective of the study on which factor analysis was done and then descriptive analysis performed to assess the influence of positioning strategy on performance of commercial banks in Kenya.

4.4.3.1 Factor analysis for Positioning Strategy

Factor analysis was carried out on the study variable in order to evaluate the significance of each research statement and the strengths of the determinants under the study variable. As indicated by Yong and Pearce (2013), factor examination is for the most part used to refocus factors into a confined arrangement of groups in view of shared variation. Factor Analysis is vital in exploration to test for advanced legitimacy and characterize variation among observable factors and furthermore to check for any connection among factors to decrease overt repetitiveness in information (Hair et al., 2010). Any statement that got a worth beneath 0.5 on communalities was left out on the succeeding analysis.

Table 15: Total Variance Explained For Positioning Strategy

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.362	63.523	66.523	5.362	66.523	66.523
2	.823	8.040	74.563			
3	.648	6.104	80.667			
4	.348	5.356	86.023			
5	.301	5.762	91.785			
6	.155	4.943	96.728			
7	.127	2.602	99.330			
8	.111	0.343	99.673			
9	.069	.327	100.000			

Extraction Method: Principal Component Analysis

The extraction of the factors used the Kaiser Criterion where an Eigen value of 1 or more indicates a unique factor (Linyiru et al 2015). Table 15 presents the Total Variance analysis for positioning strategy measures which consisted of 9 statements which show that all observable variables measuring construct of positioning strategy can be factored into one factor as was hypothesized by the researcher. One factor accounted for 66.523 % of the original variables which is total variance explained by the extracted factor. Total variance indicates that the 9 statements on positioning strategy can be factored into 1 factor. Total variance explained by the extracted factor is 66.523% as shown in the table.

Table 16: Factor loading for constructs of Positioning Strategy

Measures	Factor loading
Producing a subset of products or services.	.884
Targeting different categories of customers.	.793
Serving a few of your customers' needs in the various categories.	.746
Producing tailor made products to meet specific needs of a particular group of customers.	.719
Targeting a particular category of customers.	.575
Serving all or most of your customers' needs in the particular category.	.942
Use of differentiated activities to reach out to various customer segments.	.812
Establishing differentiated channels to reach out to various customer segments.	.939
Segmenting customer in terms of customer scale/ location.	.700

Extraction Method: Principal Component Analysis

A main component Analysis with varimax rotation was also performed on the nine observable variables under positioning strategy. Table 16 shows that all 9 observable statements in the questionnaire fitted well under underlying concept of positioning strategy. This meant that the individual statements under positioning strategy were strong enough to collect the required information for the study. The results indicate that all the statements on positioning strategy attracted coefficients of more than 0.5 on communalities, implying that each individual statement under construct of positioning strategy was strong and valid enough to collect required data. This is in line with Field (2000) who explain that a component stacking more than 0.5 has great reliability and validity that would yields better results. Thus, these outcomes gave a reliability to additional measurable examination to be directed. Consequently each of the 9 assertions measured well the latent variable of positioning strategy and performance of commercial banks in Kenya and were retained for further analysis.

4.4.3.2 Descriptive Analysis for Positioning Strategy

The third objective was to assess the influence of positioning strategy on performance of commercial banks in Kenya. The positioning strategy had three items of study which included variety-based positioning, needs based positioning and access based positioning.

Table 17: Positioning strategy and performance of commercial banks

Descriptive Statistics			
	N	Mean	Std. Deviation
Producing a subset of products or services	120	4.0100	.83444
Targeting different categories of customers	120	4.1800	.76412
Serving a few of your customers' needs in the various categories	120	3.9211	1.00416
Producing tailor made products to meet specific needs of a particular group of customers	120	3.3999	.8075
Targeting a particular category of customers	120	3.6270	.8220
Serving all or most of your customers' needs in the particular category	120	3.8500	.8444
Use of differentiated activities to reach out to various customer segments	120	4.1111	.97701
Establishing differentiated channels to reach out to various customer segments	120	3.9000	.81120
Segmenting customer in terms of geographical location or customer scale	120	4.0322	.21452
Valid N (listwise)	120		

Source: Researcher (2022)

Table 17 shows the results for positioning strategy. The responses given by the respondents under variety based positioning indicated a strong agreement and were as follows; bank produces a subset of product or service with a mean of 4.0100 and standard deviation of 0.83444, the bank targets different categories of customers had a mean of 4.1800 and standard deviation of .76417 and that the bank serves a few customers' needs in the various categories had a mean of 3.9211, and standard deviation of 1.00416. This agrees with the study by Makhokha (2017) which established that portfolio diversification was a strong driver of performance in commercial banks.

The responses were given by the respondents under needs based positioning and the results indicated a moderate agreement. The items were scored as follows; producing tailor made products to meet specific needs of a particular group of customers mean of 3.3999 and standard deviation of .8075, targeting a particular category of customers mean of 3.6270 and standard deviation of .8220 and serving all or most of customers' needs in the particular category mean of 3.8500 and standard deviation of .8444. This agrees with the study by Rosemary (2017) which established that Safaricom Limited had differentiated its products in terms of elements and design so as to content the various wants of its target clients.

The responses were given by the respondents under access based positioning and the results indicated a strong agreement. The items were scored as follows; Use of differentiated activities to reach out to various customer segments mean of 4.111 and standard deviation of .97701, establishing differentiated channels to reach out to various customers segments mean of 3.9000 and standard deviation of .81120 and segmenting customers in terms of geographical location and customer scale mean of 4.0322 and standard deviation of .21452. The deviation from the mean was moderate implying the responses were moderately distributed. Linyiru et al (2015) designated that a standard deviation of more than one (1) designates those responses are moderately distributed while those with less than one (1) implies there was disparities on the responses obtained.

Generally, the overall mean of adoption of positioning strategy was strongest at variety based positioning, followed by access based positioning and lastly needs based positioning.

4.4.4 Strategic Alliance and Performance of Commercial Banks, Kenya

This was the fourth objective of the study on which factor analysis was done and then descriptive analysis performed to determine the influence of strategic alliance on performance of commercial banks in Kenya.

4.4.4.1 Factor analysis for Strategic Alliance

The Factor examination was used to reduce the statements under strategic alliance by putting together interrelated variables and generate a small number of measures of strategic alliance. According to Yong and Pearce (2013), factor analysis is generally used to refocus factors into a limited arrangement of clusters in view of shared variation. Factor Analysis is important in exploration to test for build legitimacy and characterize variability among noticeable factors and furthermore to check for any connection among factors so as to lessen overt repetitiveness in information (Hair et al., 2010). Any statement that got a worth underneath 0.5 on communalities was forgotten about on the succeeding examination.

Table 18: Total Variance Explained -Strategic Alliance

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.218	60.109	60.109	4.218	60.109	60.109
2	0.718	10.125	70.234			
3	0.617	8.180	78.414			
4	0.550	6.356	84.770			
5	0.489	5.762	90.532			
6	0.400	4.943	95.475			
7	0.379	2.602	98.077			
8	0.218	1.013	99.090			
9	0.197	1.040	100.00			

Extraction Method: Principal Component Analysis

The extraction of the elements followed Kaiser Criterion where by an Eigen worth of at least 1 demonstrates a special component. Table 18 presents the Total Variance analysis for strategic alliance measures which consisted of 9 statements. The findings show that all observable statements measuring construct of Strategic Alliance can be reduced into one factor as was hypothesized by the researcher. That one factor accounted for 60.109% of the original variables which is total variance explained by the extracted factor. Total variance indicates that the 9 statements of strategic alliance can be factored into 1 factor.

Table 19: Factor loading for constructs of Strategic Alliance

Measures	Factor loading
Customers are able to access insurance services from the banks	.825
Customers can access an insurance loan through the banks	.815
Customers can pay for their insurance premiums through the bank	.765
Branchless banking enables customers to save money with the bank through their mobile phones without necessary opening a bank account	.700
Customers who do have an account with the bank can still borrow bank loan using their mobiles phones	.655
Customers can send money to their bank accounts using a paybill number	.929
Non-equity strategic alliance enables customers to access non-bank services and products from the bank	.912
Customers can access loans through the bank to finance services and products	.782
The bank markets products and services for the business partners	.717

Extraction Method: Principal Component Analysis

A Principal Component Analysis with varimax rotation was also performed on the nine observable variables under strategic alliance. Table 19 shows that all 9 observable statements in the questionnaire fitted well under latent construct of strategic Alliance. This meant that the individual statements under strategic alliance were strong enough to collect the required information under study. The results indicate that all the statements on strategic alliance attracted coefficients of more than 0.5, implying that each individual statement under construct of strategic alliance was strong

and valid enough to collect required data. This is in line with Field (2000) who explain that a factor loading greater than 0.5 has good reliability and validity that leads to desirable solutions. Therefore, these results provided a justification for further statistical analysis to be conducted. Hence all the 9 statements measured well the underlying variable of strategic alliance and performance of commercial banks in Kenya and were retained for further analysis.

4.4.4.2 Descriptive Analysis for Strategic Alliance

The fourth objective was to determine the influence of strategic alliance on performance of commercial banks in Kenya. The strategy of strategic alliance had three items of study which included bancassurance, branchless banking and non-equity strategic alliance.

Table 20: Strategic alliance and performance of commercial banks

Descriptive Statistics			
	N	Mean	Std. Deviation
Customers are able to access insurance services from the banks	120	3.100	.6101
Customers can access an insurance loan through the banks	120	3.3120	.8870
Customers can pay for their insurance premiums through the bank	120	3.2702	.6011
Branchless banking enables Customers to save money with the bank through their mobile phones without necessary opening a bank account	120	2.9800	.8132
Customers who do have an account with the bank can still borrow bank loan using their mobiles phones	120	3.1506	.7902
Customers can send money to their bank accounts using a paybill number	120	3.0333	.4821
Non equity strategic alliance enables customers to access non-bank services and products from the bank	120	3.1140	.5670
Customers can assess loans through the bank to finance the services and products	120	3.5000	.6231
The bank markets products and services for the business partners	120	3.9082	.8612
Valid N (listwise)	120		

Source: Researcher (2022)

Table 20 shows the results for Strategic Alliance. The responses were given by the respondents under bancassurance and they showed a moderate agreement. The items were scored as follows; Customers are able to access insurance services from the bank, a mean of 3.100 and standard deviation of .6101. Customers can access an insurance loan through the bank had a mean of 3.3120 and standard deviation of .8870. Customers can pay their insurance premiums through the bank had a mean of 3.2702, and standard deviation of .6011. The results of the study agree with the study by Waweru (2014), which studied the influence of bancassurance on economic performance of Commercial Banks in Kenya, the study revealed that there was solid positive connection between bancassurance and economic performance of Commercial Banks in Kenya.

The responses were given by the respondents under branchless banking and they also showed a moderate agreement. The items were scored as follows Customers can save money with the bank through their mobile phones without necessary opening bank account mean of 2.9800, and standard deviation of .8132. Customers who do not have an account with the bank can still borrow bank loan using their mobile phones had a mean of 3.1506 and standard deviation of 0.7902 and that customer can send money to their bank accounts using a paybill number had a mean of 3.0333, and standard deviation of 0.4821.

The responses were given by the respondents under non-equity strategic alliance and consequently, they showed a moderate agreement. The items were scored as follows; customers are able to access non-bank services/products from the bank, a mean of 3.1140 and standard deviation of 0.5670, customers can access loans through the bank to finance the services/products a mean of 3.5000 and standard deviation of .6231, The bank markets products and services for the partners a mean of 3.9082 and standard deviation of 0.8612. In relation to a study by Kilimo (2014), the study established that firms are benefiting from each other in various zones like marketing, distribution, production, research and development and outsourcing. Also, the study agrees with a study by Kipchirchir (2009) who conducted a study to identify the motives that triggers banks to engage in strategic alliances. The results of the study revealed joint sales, improved distribution channels and technology transfers as the main objectives of entering into non-equity strategic alliances hence increasing the banks' business opportunities, customer satisfaction and increased convenience.

Generally, the overall mean of adoption of strategic alliance was strongest at non-equity alliances, followed by bancassurance and lastly branchless banking. The findings of the study revealed that Strategic alliance had the least influence on performance of the banks compared to the influence of processes innovation strategy, positioning strategy and technological change strategy.

4.4.5 Performance of Commercial Banks, Kenya

The dependent variable in this study was performance of commercial banks. The items scored under the performance of the banks was as follows; The banks has a large customer base compared to other banks had a mean of 3.610 and standard deviation of 1.5591, the bank has more branches compared to other banks had a mean of 4.001 and standard deviation of .7631, the bank offers differentiated or tailor made products and services to serve the needs of its target customers a mean of 4.822 and standard deviation of 1.2142, the banks has diversified its products and services a mean of 4.092 and standard deviation of .3567, the bank has embraced internet banking, agency banking and mobile banking a mean of 4.250 and standard deviation of .2021, the bank partners with other businesses such as insurance companies and mobile telephony a mean of 4.000 and standard deviation of .5567, the bank offers unique and value adding products and services to its customer a mean of 4.210 and standard deviation of .4201, the technology used in the bank has enabled the banks offer speedy services to safeguard information a mean of 4.217 and standard deviation of 1.450 and that Interest earned from savings and loans has increased due to digitization of services and products a mean of 4.250 and standard deviation of 1.450. The average mean for all the statements under measure of performance was 4.2. This shows items under measure of performance contributed significantly to performance of commercial banks in Kenya. The average standard deviation for all the statements under measure of performance was 1.4. Linyiru et al (2015) designated that a standard deviation of more than one (1) designates those responses are moderately distributed while those with less than one (1) implies there was disparities on the responses obtained. The findings show that the responses were moderately distributed. The findings are on Table 21 below.

Table 21: Performance of commercial banks

	N	Mean	Std. Deviation
The bank has a large customer base compared to other banks	120	3.610	1.5591
The bank has more branches compared to other banks	120	4.001	1.7631
The bank offers differentiated or tailor made products and services to serve the needs of its target customers	120	4.822	1.2142
The bank has diversified its products and services	120	4.092	1.3567
The bank has embraced internet banking, agency banking and mobile banking	120	4.250	1.2021
The bank partners with other businesses such as insurance companies, mobile telephony	120	4.000	1.5567
The bank offers unique and value adding products and services to its customers	120	4.210	1.4201
The technology used in the bank has enabled the banks offer speedy services to safeguard information	120	4.217	1.450
Interest earned from savings and loans has increased due to digitization of services and products	120	4.2500	1.222

Source: Researcher (2022)

4.5 Inferential Statistics

Inferential statistics entailed correlation and regression analysis . Before these statistical tests were done, normality and multi collinearity tests were executed to check the assumptions of regression analysis. Normality tests established whether the data sets followed a normal distribution. QQ plot was applied to test for normality and the conclusion was that if the data points were close to the diagonal line, then the data was normally distributed. Multicollinearity results when two or more study variables are correlated and therefore ends up giving redundant statistics. Multicollinearity was tested using the variance inflation factor (VIF) which was supposed to be less than 10. This is in line with a study by Muchina et al (2015)

4.5.1 Assessment of Data Normality using QQ Plot

According to Field (2000), if data in QQ-Plot are ordinarily conveyed, the information focuses will be near the inclining line. Assuming the information focuses stray from the line in a conspicuous non-straight design then this implies that the information is not regularly circulated. In the study, the dataset as shown in the figure below are standard since all the points of a normal plot fall approximately on the reference line and so the assumption of normality was met. The center component of the supposition of ordinariness attests that the conveyance of test implies across autonomous samples is ordinary. The derivation was that the populace from which the sample was chosen was likewise normally distributed and that the data was appropriate for regression analysis.

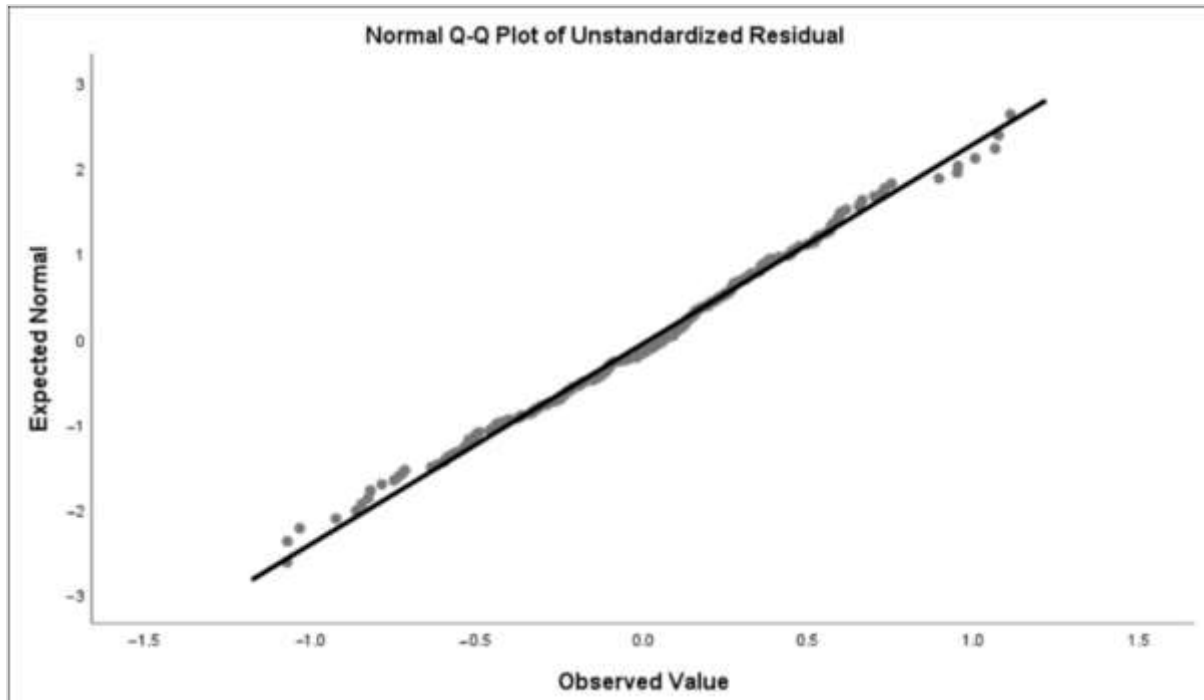


Figure 4: QQ Plot for assessment of Normality

4.5.2 Assessment for Multicollinearity

Multicollinearity, or inordinate relationship among concentrate on factors, can entangle or prompt repetitive measurements. Multicollinearity was tried utilizing the variance inflation factor (VIF) which should be beneath 10 and a comparing resistance which ought not be under 0.1. VIF gives a record of the sum that the change of every relapse coefficient is expanded comparative with a circumstance in which the indicator factors are all uncorrelated (Cohen et al, 2013).

Table 22: Multicollinearity

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
Process innovation strategy	.994	1.006
Technological change strategy	.880	1.137
Positioning strategy	.971	1.030
Strategic alliances	.887	1.127

As shown in table 22 the findings of the study indicated that processes innovation strategy had VIF of 1.006 (less than 10), technological change strategy had a VIF of 1.137 (less than 10), positioning strategy had a VIF of 1.030 (less than 10) and strategic alliance had a VIF of 1.127 (less than 10) hence all variables are suitable for further analysis since the VIF values for all variables were less than 10 and the corresponding tolerance values were higher than 0.1. VIF of more than 10 was concluded to be too large hence not suitable. The corresponding tolerance should not to be less than 0.1 (Okelo, Namusonge and Iravo, 2015).

4.5.1 Testing for Homoscedasticity Assumption

Homoscedasticity is one of the three major assumptions underlying parametric statistical analyses. The check aimed at founding that the data was not susceptible to bias in estimation of the coefficient and that the data met the assumptions of randomness. In univariate analyses, such as regression, with one quantitative ward variable (Y) and at least one autonomous factors (X), the homoscedasticity supposition that is known as homogeneity of fluctuation. In this unique circumstance, it is accepted that equivalent differences of the reliant variable exist across levels of the free factors. The discoveries on Homoscedasticity are presented in Figure 5.

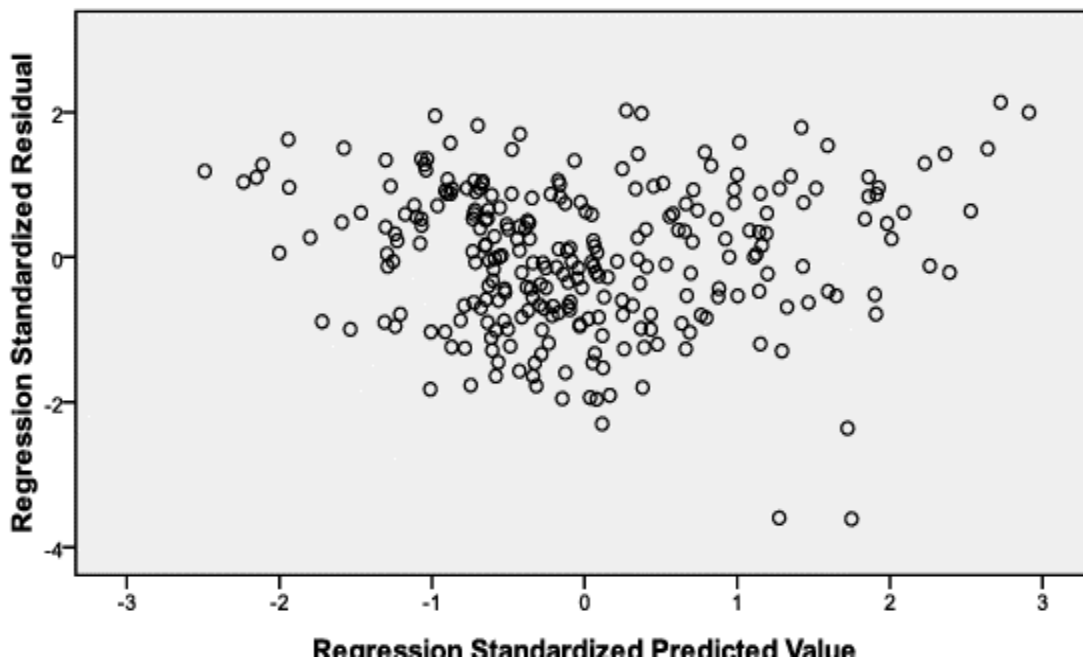


Figure 5: Scatter Plots for assessment of Homoscedasticity

The discoveries in Figure 5 display that the scatter plot scores did not assume any predictable design and that the points were correspondingly dispersed arbitrarily about the diagonal line. The scatter plots hence fulfilled the supposition of Homoscedasticity. This destined that the information in this exploration was not disposed to mistake and it could consequently be utilized for regression analysis.

4.6 Correlation Results

The results intended to establish the degree of association between two or more variables. The test yields correlation coefficient statistics (r) whose values lies between -1 and +1. 'r' measures the strength and direction of a linear relationship between two variables (Sekeran & Bougie, 2011) . A value closer to +1 shows a strong positive relationship whereas a value closer to -1 shows a strong negative relationship at a significance level of less than 0.05. The independent variables of the study were processes innovation strategy, technological change strategy, positioning strategy and strategic alliance and the dependent variable was performance of commercial banks

Table 23 Correlation

		Correlation				
		Bank Performan ce	Processes strategy	Technologi cal change strategy	Positioning strategy	Strategic alliance strategy
Bank Performance	Pearson Correlation	1	.623*	.557*	.605*	.211*
	Sig. (2- tailed)		.000	.010	.023	.050
	N	120	120	120	120	120
Processes innovation strategy	Pearson Correlation	.623*	1	.141	-.329**	.027
	Sig. (2- tailed)	.000		.126	.000	.769
	N	120	120	120	120	120
Technologic- al change strategy	Pearson Correlation	.557*	.141	1	-.113	-.061
	Sig. (2- tailed)	.010	.126		.219	.507
	N	120	120	120	120	120
Positioning strategy	Pearson Correlation	.605*	-.329**	-.113	1	.016
	Sig. (2- tailed)	.023	.000	.219		.861
	N	120	120	120	120	120
Strategic alliance strategy	Pearson Correlation	.211	.027	-.061	.016	1
	Sig. (2- tailed)	.050	.769	.507	.861	
	N	120	120	120	120	120

*. Correlation is significant at the 0.05 level (2-tailed).

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

The results of Table 23 suggest that there was a strong positive and significant relationship between processes innovation strategy and performance of commercial banks ($r = .623, P < 0.05$). There was a strong positive and significant relationship between technological change strategy and performance of commercial banks ($r = 0.557, P < 0.05$). There was a strong positive and significant

relationship between positioning strategy and performance of commercial banks ($r = .605$, $P < 0.01$). There was a moderate positive and significant relationship between strategic alliance and performance of commercial banks ($r = 0.211$, $P < 0.05$). Generally, the four strategies that is processes innovation strategy, technological change strategy, positioning strategy and strategic alliance highly influenced the performance of commercial banks in Kenya. The findings indicated that processes innovation strategies had the strongest influence on performance of banks, followed by positioning strategy, then technological change strategy and lastly strategic alliance.

4.7 Regression Analysis

Multiple regression analysis was performed to assess the relationship between the dependent variable (performance of commercial banks) and the independent variables (processes innovation strategy, technological change strategy, positioning strategy and strategic alliance).

All the Five null hypotheses of the study were tested to establish whether there was significant influence of each of the predictor variable (processes innovation strategy, technological change strategy, positioning strategy and strategic alliance) on the performance of the dependent variable (performance of commercial banks). The coefficient of determination (R^2) which shows the summary of the regression model was used in the study. R^2 offers statistics on the capability of the independent variables to explain for the fluctuations on in the dependent variable.

4.7.1 Processes innovation strategy and performance of commercial banks

Table 24: Model Summary for Processes Innovation Strategy and performance of commercial banks

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.873 ^a	.762	.749	2.14817
a. Predictors: (Constant), processes innovation strategy				

Table 24 shows the regression analysis results for processes innovation strategy as the independent variable and performance of commercial banks as the dependent variable. The findings display the

value of R^2 as 0.762. This means 76.2 % of the total variance in degree of association between processes innovation strategy and performance of commercial banks in Kenya. R^2 is generally somewhere in the range of 0 and 100 percent, where 0% shows that the model makes sense of none of the changeability of the dependent factor and 100 percent demonstrates that the model makes sense of all the fluctuation of the factor. By and large, the greater the R-squared, the better the model fits the information. In this review 76.2 % of performance of commercial banks in Kenya can be accounted by variation in adoption of processes innovation strategy.

Table 25: Processes Innovation Strategy and performance of commercial banks- Regression coefficient

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	35.478	9.816		3.614	.000
1 Processes Innovation Strategy	2.877	2.513	.762	8.446	.011

Further on the t-statistics were used to establish the influence of processes innovation strategy on performance of commercial banks. Table 25 displays the beta coefficient and t-test, which are the degree of change in the outcome variable. The results indicate that for every 1-unit of change in the predictor variable there was positive gradient. This reveals that when a bank engages on processes innovation strategies including adoption of agency banking, mobile and internet banking it improves its performance as indicated by the fact that a unit adoption of process innovation leads to 2.877 improvements on performance of commercial banks in Kenya as shown in Table 25. The results show that the β value was 2.877 at P- value 0.011. The linear regression model of processes innovation strategy and performance of commercial banks was $Y = \beta_0 + \beta_1 X_1 + \epsilon$ hence performance of commercial banks = $35.478 + 2.877 X_1$. In this case the null hypothesis which was that there is no significant relationship between processes innovation strategy and performance of commercial banks in Kenya was rejected and the alternative hypothesis accepted hence processes innovation strategy significantly influence the performance of commercial banks.

Table 26: Processes Innovation Strategy and performance of commercial banks- ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	5200.400	1	5200.40	52.99	.000 ^b
Residual	22100.200	118	61.162		
Total	27300.600	119			

Dependent Variable: Performance of Commercial Banks

Predictors: (Constant), processes innovation strategy

The main importance of the regression model (goodness of fit) was additionally tried utilizing ANOVA (F-test). Table 26 shows the consequences of ANOVA test which uncover that processes innovation methodology affects performance of business banks. The Analysis of Variance (ANOVA) gave data about degrees of fluctuation which shaped the reason for speculation testing utilizing P-Value at 95.0% certainty stretch. The P-Value was utilized to conclude whether processes innovation had measurably critical prescient capacity to performance of business banks at 95.0% certainty stretch given the examination speculations. The P-Value was 0.000 which is lower than 0.05 consequently the model of fit is satisfactory inferring that there was a critical positive connection between processes innovation technique and performance of business banks.

The study rejected the first null hypothesis and adopted the alternative hypothesis

H01: There is no significant relationship between processes innovation strategy and performance of commercial banks in Kenya – Rejected

4.7.2 Technological change strategy and performance of commercial banks

Table 27: Model Summary for technological change Strategy and performance of commercial banks

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.764 ^a	.584	.561	0.9122

a. Predictors: (Constant), **technological change strategy**

Table 27 shows the regression analysis results for technological change strategy as the independent variable and performance of commercial banks as the dependent variable. The findings display, the value of R^2 as 0.584, which means 58.4 % of the total variance in degree of association between technological change strategy and performance of commercial banks in Kenya. In this study 58.4 % of performance of commercial banks Kenya can be explained by variation in adoption of technological change strategy.

Table 28: Technological change Strategy and performance of commercial banks- Regression coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	27.213	5.200		4.000	.000
	technological change strategy	2.213	1.133	.584	7.200	.023

Further on the t-statistics were used to establish the influence of technological change strategy on performance of commercial banks. Table 28 displays the beta coefficient and t-test, which are the degree of change in the outcome variable. The results indicate that for every 1-unit of change in the predictor variable there was positive gradient. This reveals that when a bank engages on technological change strategies including real time payment, big data solutions and block chain technology it improves its performance as indicated by the fact that a unit adoption of technological change strategy leads to 2.213 improvements on performance of commercial banks in Kenya as

shown in table 28. The results show that the β value was 2.213 at P- value 0.023. The linear regression model of technological change strategy and performance of commercial banks was $Y = \beta_0 + \beta_2 X_2 + \epsilon$ hence performance of commercial banks = 27.213 + 2.213 X₂. In this case the null hypothesis that there was no significant influence of technological change strategy on performance of commercial banks was rejected and the alternative hypothesis accepted hence technological change strategy significantly influences the performance of commercial banks.

Table 29: Technological Change Strategy and performance of commercial banks –ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	3890.211	1	3890.211	38.502	.000 ^b
Residual	19800.002	118	61.162		
Total	23690.213	119			

The overall significance of the regression model (goodness of fit) was also tested using ANOVA (F-test). Table 29 reveals the results of ANOVA test which reveal that technological change strategy had a significant influence on performance of commercial banks. The Analysis of Variance (ANOVA) gave data about degrees of changeability which shaped the reason for speculation testing utilizing P-Value at 95.0% certainty span. The P-Value was utilized to conclude whether technological change technique had genuinely critical prescient ability on execution of business banks at 95.0% certainty stretch given the examination speculations. The P-Value was 0.000 which is lower than 0.05 thus the model of fit is satisfactory inferring that there was a critical positive connection between technological change technique and execution of business banks. The examination dismissed the second invalid speculation and embraced the alternative hypothesis.

H02: There is no significant relationship between technological change strategy and performance of commercial banks in Kenya – Rejected

4.7.3 Positioning Strategy and performance of commercial banks

Table 30: Model Summary for positioning strategy and performance of commercial banks

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.799 ^a	.639	.619	1.0231

a. Predictors: (Constant), positioning strategy

Table 30 shows the regression analysis results for positioning strategy as the independent variable and performance of commercial banks as the dependent variable. The finding shown in table 30 shows the value of R^2 as 0.639. This indicates 63.9 % of the total variance in degree of association between positioning strategy and performance of commercial banks in Kenya. In this study 63.9 % of performance of commercial banks Kenya can be accounted by variation in adoption of positioning strategy.

Table 31: Positioning strategy and Performance of Commercial banks- Regression co-efficient

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	27.213	5.200		4.000	.000
	positioning strategy	2.340	3.121	.639	11.610	.000

Further on the t-statistics were used to establish the influence of positioning strategy on performance of commercial banks. Table 31 displays the beta coefficient and t-test which are the degree of change in the outcome variable. The results indicate that in every 1-unit of change in the predictor variable there was positive gradient. This reveals that when a bank engages on positioning strategies including variety based positioning, access based positioning and needs based positioning it improves its performance as indicated by the fact that a unit adoption of

positioning strategy leads to 2.340 improvements on performance of commercial banks in Kenya as shown in table 31. The results show that the β value was 2.340 at P- value 0.000. The linear regression model of positioning strategy and performance of commercial banks was $Y = \beta_0 + \beta_3 X_3 + \varepsilon$ hence performance of commercial banks = $27.213 + 2.340 X_3$. In this case the null hypothesis that there is no significant relationship between positioning strategy and performance of commercial banks in Kenya was rejected and the alternative hypothesis accepted hence positioning strategy significantly influences the performance of commercial banks.

Table 32: Positioning Strategy and performance of commercial banks- ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	3890.211	1	3890.211	47.111	.000 ^b
Residual	19800.002	118	61.162		
Total	23690.213	119			

The overall importance of the regression model (goodness of fit) was likewise tried utilizing ANOVA (F-test). Table 32 shows the consequences of ANOVA test which uncover that situating methodology impacted execution of business banks. The Analysis of Variance (ANOVA) gave data about degrees of fluctuation which shaped the reason for speculation testing utilizing P-Value at 95.0% certainty stretch. The P-Value was utilized to conclude whether situating technique had genuinely critical prescient impact on execution of business banks at 95.0% certainty stretch given the examination speculations. The P-Value was 0.000 which is lower than 0.05 subsequently the model of fit is satisfactory suggesting that there was a huge positive connection between situating technique and execution of business banks. The review dismissed the third null hypothesis and embraced the alternative hypothesis.

H03: There is no significant relationship between positioning strategy and performance of commercial banks in Kenya – Rejected

4.7.4 Strategic alliance and performance of commercial banks

Table 33: Model Summary for strategic alliance and performance of commercial banks

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.744 ^a	.554	.552	1.9810

a. Predictors: (Constant), strategic alliance

Table 33 shows the regression analysis results for strategic alliance as the independent variable and performance of commercial banks as the dependent variable. The findings shown in table 33 show the value of R^2 as 0.554. This indicates 55.4 % of the total variance in degree of association between strategic alliance and performance of commercial banks in Kenya. In this study 55.4 % of performance of commercial banks in Kenya can be accounted by variation in adoption of strategic alliance thus there is a moderate positive linear relationship between strategic alliance and performance of commercial banks in Kenya.

Table 34: Strategic Alliance and Performance of Commercial Banks- Regression co-efficient

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	37.201	4.111		4.000	.000
1 strategic alliance	1.020	1.214	.554	2.200	.040

Further on the t-statistics were used to establish the influence of strategic alliance on performance of commercial banks. Table 34 displays the beta coefficient and t-test which are the degree of change in the outcome variable. The results indicate that in every 1-unit of change in the predictor variable there was positive gradient. This reveals that when a bank engages on strategic alliance including bancassurance, branchless banking and non-equity strategic alliance, it improves its performance as indicated by the fact that a unit adoption of strategic alliance leads to 1.020

improvements on performance of commercial banks in Kenya as shown in the table. The results show that the β value was 1.020 at P- value 0.040. This means that when a commercial bank engages in bancassurance, branchless banking and marketing products of other partners this leads to 1.020 improvements on performance of commercial banks in Kenya. The linear regression model of strategic alliance and performance of commercial banks was $Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$ hence; performance of commercial banks = $37.201 + 1.020 X_4$. In this case the null hypothesis that there is no significant association between strategic alliance and performance of commercial banks in Kenya was rejected and the alternative hypothesis accepted hence strategic alliance significantly influence the performance of commercial banks.

Table 35: Strategic Alliance and performance of commercial banks- ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	3890.211	1	3890.211	28.123	.040 ^b
Residual	19800.002	118	61.162		
Total	23690.213	119			

The overall importance of the regression model (goodness of fit) was likewise tried utilizing ANOVA (F-test). Table 32 shows the consequences of ANOVA test which uncover that strategic alliance impacted execution of business banks. The Analysis of Variance (ANOVA) gave data about degrees of fluctuation which shaped the reason for speculation testing utilizing P-Value at 95.0% certainty stretch. The P-Value was utilized to conclude whether strategic alliance had genuinely critical prescient impact on execution of business banks at 95.0% certainty stretch given the examination speculations. The P-Value was 0.000 which is lower than 0.05 subsequently the model of fit is satisfactory suggesting that there was a huge positive connection between strategic alliance and execution of business banks. The review dismissed the third null hypothesis and embraced the alternative hypothesis

H04: There is no significant relationship between strategic alliance and performance of commercial banks in Kenya – Rejected

4.7.5 Combined Relationship of Independent Variables and Dependent Variable

The research endeavored to establish the combined relationship of processes innovation strategy, technological change strategy, positioning strategy and strategic alliance on performance of commercial bank in Kenya.

Table 36: Combined Model Summary for Performance of commercial banks on processes innovation strategy, technological change strategy, positioning strategy and strategic alliance

Model	R	RSquare	Adjusted R Square	Std. Error of the Estimate
	.715 ^a	.632	.605	2.1800

a. Predictors: (Constant), Aggregate Mean of processes innovation strategy, technological change strategy, positioning strategy and strategic alliance.

b. Dependent variable: performance of commercial bank, Kenya.

The summary of the regression model is shown on table 36, which gives data on the capacity of the independent factors to influence the dependent factor. This variation is estimated by R^2 (R Square), which differs somewhere in the range of 0 and 100 percent. R^2 is the coefficient of assurance which demonstrates the variance in the reliant variable because of changes in the independent factor (Mugenda and Mugenda, 2004). The discoveries showed adjusted R^2 of 0.605 which is somewhat lower than the R^2 worth of 0.632. Adjusted R^2 is an exact sign of the connection between the free and the reliant variable since it is delicate to the expansion of insignificant variables.

The aggregate mean scores of processes innovation strategy, technological change strategy, positioning strategy and strategic alliance were regressed against the aggregate mean score of performance of commercial bank in Kenya. The findings indicate the worth of R^2 as 0.632, which means that 63.2 % of the total variance in performance of commercial banks can be accounted for by processes innovation strategy, technological change strategy, positioning strategy and strategic alliance. This means that the four independent variables jointly account for 63.2% variability of the performance of commercial banks. The remaining 36.8% of performance of commercial banks is accounted for by other factors not present in the model.

Table 37: Combined Coefficient of Value Innovation Strategies

Model		Unstandardized		Standardized	T	Sig.
		Coefficients		Coefficients		
		B	Std. Error	Beta		
1	(Constant)	21.201	2.130		3.000	.000
	Processes innovation strategy	3.399	3.121	.762	10.410	.000
	Technological change Strategy	2.112	1.133	.584	6.980	.023
	Positioning Strategy	2.001	2.513	.639	8.212	.011
	Strategic Alliance	1.020	1.214	.554	1.900	.040

Dependent variable: Performance of commercial banks

Predictors: Processes innovation strategy, technological change strategy, positioning strategy and strategic alliance.

In terms of coefficient and how the combined variables influence the performance of commercial banks, the findings in table 37 shows that all the four predictor variables had significant relationship in the model. Processes innovation strategy had the highest influence to the combined model as shown by coefficient of ($\beta = 0.762$, $p < 0.05$) was closely followed by positioning strategy with ($\beta = 0.639$, $p < 0.05$), third was technological change strategy with a beta weight ($\beta = 0.584$, $p < 0.05$) and lastly strategic alliance $\beta = 0.554$, $p < 0.05$ which was of moderate significance according to this study as shown in table 38.

Table 38: Combined ANOVA for Value Innovation Strategies

Model	Sum of Squares	Df	Mean Square	F	Sig.p-value
Regression	3.686	4	.922	33.902	.021 ^a
Residual	7.322	31	.236		
Total	11.008	35			

Predictors: (Constant), Aggregate Mean of processes innovation strategy, technological change strategy, positioning strategy and strategic alliance

Dependent variable: Performance of commercial bank

Further on the results of ANOVA test as shown in table 38 reveal the combined influence of processes innovation strategy, technological change strategy, positioning strategy and strategic

alliance and indicate that the four independent variables had significant influence on performance of commercial banks in Kenya since the P value is actual 0.021 which is less than 5% level of significance. This is depicted by Combined Multiple linear regression analysis for the four variables namely processes innovation strategy, technological change strategy, positioning strategy and strategic alliance.

Given the findings, the initial conceptual framework in chapter two was retained as it expressed the impact of value innovation strategies on the performance of commercial banks in Kenya. Since the multiple regression model of the examination was $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4$. The assessed worth of the model was found by embedding the unstandardized beta coefficients values in the examination model. The constant was 21.201 showing that even without a trace of value innovation strategies for the presentation of business banks there is an innate exhibition factor which is steady and normal to all business banks in Kenya.

The β_1 gave a value of 3.399, β_2 gave a value of 2.112, β_3 a value of 2.001 and β_4 was 1.020. To find the estimated value of the model hence; $Y = 21.201 + 3.399X_1 + 2.112X_2 + 2.001 X_3 + 1.020X_4$.

4.7.6 Moderating effect of Government regulations on relationship between value innovation strategies and performance of Commercial Banks

In statistics and regression analysis, moderation occurs when the relationship between two variables depends on a third variable. The third variable is referred to as the moderator variable. The influence of a moderating variable is characterized statistically as a categorical or quantitative variable that influence the direction and strength of the relationship between dependent and independent variable. In this study, the moderating variable was the government regulations in terms of capital adequacy requirement, interest rates capping and the control on listing of non-performing loans, the free variable was value innovation strategies while the reliant variable was performance of commercial banks.

To determine how much the moderator variable affected the strength of the relationship between independent variable and dependent variables the study used hierarchical regression analysis. Hierarchical multiple regression in SPSS was used to test whether moderating factors have an effect on the relationship between independent and dependent variables. The moderator was created as a variable and multiplied to the effect of the dependent and independent variables. The moderating coefficient results explained the moderating effect of the moderating variable on the relationship between independent and dependent variable. The results are as shown in Table 39

Table 39: Moderated Regression Model

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.715a	.632	.605	2.1800
2	.782a	.609	.558	1.9812

a. Predictors

The first set of variables of the study were the initial variables that related independent and dependent relationship and were entered as Model 1, then the moderating variables were entered as model 2. The results in the model summary table show that R^2 went down from 63.2% (without moderating) to 60.9% (with moderating effect). Therefore, effect of moderating variable lowered the effect of independent variable on dependent variable.

The results show that moderating variables had significant influencing on the relationship between the independent variable and dependent variable in that the R^2 coefficient with the effect of moderating variables capital adequacy, interest rates capping and non-listing of non-performing loans was at 0.609 (60.9%) which indicates that the moderating variables lowered the R^2 of the innovation strategies which was at R^2 0.632 (63.2%) without the effect of the moderating variable as shown in Table 39 above. With these findings the study rejected the fifth null hypothesis that

there is no statistically significant moderating effect of government regulations on relationship between value innovation strategies and performance of Commercial Banks and adopted the alternative hypothesis.

Table 40: Moderated Regression Analysis Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	21.201	2.130		3.000	.000
	Processes innovation strategy	3.399	3.121	.762	10.410	.000
	Technological change Strategy	2.112	1.133	.584	6.980	.023
	Positioning Strategy	2.001	2.513	.639	8.212	.011
	Strategic Alliances	1.020	1.214	.554	1.900	.040
	Interaction Moderating variables on (Process, technological change, positioning, strategic alliance)	1.001	1.214	.512	1.203	.045

The findings of the study show that there was a drop in the Beta coefficient when combined predictors were multiplied by the effect of moderating variable. The decline in the Beta showed that Government Regulations (moderating variable) indeed affected the relationship between the independent variable (Value innovation Strategies) and dependent variable (Performance of Commercial Banks). The implications was that application of the regulatory measures by the CBK and other direct interventions by the Government such as requirement on capital adequacy, capping on interest rates and the control on listing of non-performing loans reduced the strength of the relationship between Value innovation Strategies and Performance of Commercial Banks in Kenya.

Table 41: Moderated ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
Model 1	Regression	3.686	4	.922	33.902	.021a
	Residual	7.322	31	.236		
	Total	11.008	35			
Model 2	Regression	3.002	7	.814	21.200	.035a
	Residual	6.222	28	.400		
	Total	9.224	35			

- a. Predictor: Value innovation strategies
b. Moderator: Government regulations
c. Dependent: Performance of commercial bank

Further on the results of ANOVA test as shown in table 41 reveal that the moderated multiple regression model at 5% had significant influence on execution of business banks in Kenya since the P value is actual 0.035 which is less than 5% level of significance. The moderated multiple regression model fit was acceptable implying that government regulations significantly moderate the relationship between the independent variable (Value innovation strategies) and the dependent variable (Performance of commercial banks)

The study therefore rejected the fifth null hypothesis and adopted the alternative hypothesis

H05: There is no significant statistical effect of government regulations on relationship between value innovation strategies and performance of Commercial Banks, Kenya- Rejected

4.8 Overall Regression Analysis

H01: There is no significant influence of processes innovation strategy on performance of commercial banks, Kenya

For the first hypothesis the null hypothesis was rejected and the alternative hypothesis taken hence there is a significant influence of processes innovation strategy on performance of commercial banks in Kenya. This is because the p-value $0.000 < 0.05$ making the coefficient of processes innovation strategy significant in the model.

H02: There is no significant influence of technological change strategy on performance of commercial banks, Kenya

For the second hypothesis the null hypothesis was rejected and the alternative hypothesis accepted hence there is a significant influence of technological change strategy on performance of commercial banks in Kenya. This is because the p-value $0.023 < 0.05$ making the coefficient of technological change strategy significant in the model.

H03: There is no significant influence of positioning strategy on performance of commercial banks, Kenya

For the third hypothesis the null hypothesis was rejected and the alternative hypothesis is accepted hence there is a significant influence of positioning strategy on performance of commercial banks in Kenya. This is because the p-value $0.011 < 0.05$ making the coefficient of positioning strategy significant in the model.

H04: There is no significant influence of strategic alliance on performance of commercial banks, Kenya

For the fourth hypothesis the null hypothesis was rejected and the alternative hypothesis taken hence there is a significant influence of strategic alliances on performance of commercial banks in

Kenya. This is because the p-value $0.040 < 0.05$ making the coefficient of strategic alliance significant in the model.

H05: There is no significant influence of government regulations on relationship between value innovation strategies and performance of Commercial Banks, Kenya

For the fifth hypothesis the null hypothesis was rejected and the alternative hypothesis taken hence there is a significant influence of government regulations on relationship between value innovation strategies and performance of commercial banks in Kenya. This is because the p-value $0.021 < 0.05$ making the coefficient of government regulations significant in the study.

4.9 Discussion of the Key findings

The discussion was based on the specific objectives of the study.

4.9.1 Processes innovation strategy and performance of Commercial Banks, Kenya

The study used both descriptive and inferential statistics, where by descriptive consisted of mean and standard deviation while inferential statistics consisted of correlation and regression analysis in order to determine the influence of processes innovation strategy on performance of commercial banks in Kenya.

The correlation 'r' for processes innovation strategy was 0.623 implying that there was a positive and significant relationship between processes innovation strategy and performance of commercial banks. The coefficient of determination (R^2) was 76.2% which meant processes innovation strategy explains 76.2 % of changes in performance of commercial banks. The study found that processes innovation had a significant positive influence on performance of commercial banks. Under processes innovation strategy, agency banking, mobile banking and internet banking were examined. The factors which were considered under processes innovation were rate of adoption of process innovation strategies which were agency banking, internet banking and mobile banking.

Particularly the research pursued to establish how each of process innovation had influenced performance of commercial banks in terms of influencing banking accessibility, rate of customer's transactions through process innovations and the customer base.

Mobile banking was found to be the most widely used process innovation strategy and the one that had been adopted by most of the banks as it facilitated transactions without customers necessary having to visit the bank, hence customers can either withdrawal cash, deposit cash as well as settle other bills at the comfort of their houses without having to queue for long hours in the banks and had a of Mean=4.700, SD 1.06. This agrees with the study by Chavan (2013) which revealed that due to mobile and internet banking, most banks have improved performance in terms of increased transactions, improved accessibility and flexibility in terms of ability to access banks services beyond working hours.

Internet banking was also a popular process innovation strategy in a number of banks as it aided clients to effect financial dealings at the comfort of their homes and this agrees with the study by Chavan (2013), which concluded that, internet banking is presently succeeding the customary banking practice that involved going to the banks so as to gain access to monetary services. The study concluded that, agency banking was a less popular process innovation strategy in most of the banks. This agrees with the study by Ndungu (2014) which established that agency banking delivers value to customers in form of extended banking hours as well as bringing banking services closer to the customer. Agency banking has the potential of increasing market share by appealing and retaining customers as well as providing a variety of services to them (Mandau, 2013).

The three processes innovation strategies were found to contribute significantly towards the performance of commercial banks in Kenya.

4.9.2 Technological change strategy and performance of Commercial Banks, Kenya

The study used both descriptive and inferential statistics, where by descriptive statistics consisted of mean and standard deviation while inferential statistics consisted of correlation and regression analysis in order to investigate the influence of technology change on performance of commercial banks in Kenya. The correlation 'r' for technological change strategy was 0.557 implying that there was a significant positive relationship between technological change strategy and performance of commercial banks. The coefficient of determination (R^2) was 58.4 % which was the share of change in performance of commercial banks influenced by technological change strategy.

The study found that technology had a significant positive influence on performance of commercial banks. The indicators for technological change strategy that were being investigated were real time payment, block chain technology and big data. The study revealed that real time payment was a technology that was not very popular in most banks despite the fact that it facilitated speedy and timely transactions as well as enabling transfer of money electronically. Real time payment via use of PayPal agrees with the study by Nyawanga (2015), who also established that it takes less time for consumers to enter their information through PayPal and the merchants get their payment promptly. Big data technology enabled to secure customers' information and made it easy to share information with other institutions as well as always keeping customers informed. Big Data technology is beneficial in various ways in the banking sector varying from boosting cyber security to cultivating customer loyalty. Big data will enable banks to understand their customer trends such as spending and borrowing habits (Siddiqui & Qureshi, 2017). Most banks were said to be embracing block chain technology as it facilitated securing and safeguarding of customers information.

Technology is the foundation of online business, in addition to the fact that it connects sellers and customers on mobile and internet platform it also enables powerful management of client orders, deliveries, return and payment of acquired merchandise. It also enables customization and personalization of customers. Technology has led to enhancement of service delivery through

speedy transactions and timely delivery (Chavan, 2013). The study found that most banks have improved performance as a result of embracing real time payment, big data solution and block chain technology

4.9.3 Positioning strategy and performance of Commercial Banks in Kenya

The study used both descriptive and inferential statistics, where by descriptive statistics consisted of mean and standard deviation while inferential statistics consisted of correlation and regression analysis in order to assess the influence of positioning strategy on performance of commercial banks. The correlation 'r' for positioning strategy was 0.605 implying that there was a significant positive relationship between positioning strategy and performance of commercial banks. The coefficient of determination (R^2) was 63.9% which was the proportion of change in performance of commercial banks influenced by positioning strategy. The study found that positioning strategy had a significant positive influence on performance of commercial banks. Variety based positioning, needs based positioning and access based positioning were examined under positioning strategy.

Variety based positioning was the most popular strategy in most banks with a mean of 4.0 which meant most banks offered variety of products with unique features in order to suit the differentiated needs of its target customers. This is in line with a study by Adhiambo (2009) which established that a firm differentiates it's self from its competitors when it provides products that are unique, valuable to buyers and beyond simply offering a low price. The study also established that some of the banks had adopted needs based positioning and the mean was 3.6. This was by targeting a certain segment of clientele. This agrees with the study by Rosemary (2017) which established that Safaricom Limited had differentiated its products in terms of elements and design in order to meet the various needs of its target customers. Access based positioning was also a widely used strategy by the banks where they ensured that their products reached to their customers through the most convenient channel. The least adopted strategy was the needs based strategy where banks offered tailor made products to suit the specific needs of their target customers.

Generally, it was established that offering a variety of products tailor made to suit the target clients and delivering them using the most convenient channel were key in the performance of commercial banks.

4.9.4 Strategic alliance and performance of Commercial Banks, Kenya

The study used both descriptive and inferential statistics, where by descriptive statistics consisted of mean and standard deviation while inferential statistics consisted of Pearson correlation and regression analysis in order to determine the influence of strategic alliance on performance of commercial banks. The correlation 'r' for strategic alliance was 0.211 % implying that there was a moderate significant positive relationship between strategic alliance and performance of commercial banks. The coefficient of determination (R^2) was 55.4% which meant 55.4% change in the performance of banks can be explained by strategic alliance. The study found that strategic alliance had a moderate significant influence on performance of commercial banks.

The indicators of strategic alliance that were investigated include non-equity alliance, bancassurance and branchless banking. The study established that most of the banks had embraced bancassurance and therefore offered insurance services to their customers and the customers could pay for the insurance premiums through the bank. This study agrees with the study by Chepkorir (2016) which established that most banks offer insurance products of more than one insurance company.

A number of the banks also had partnership with other institutions and therefore financed products offered by those institutions and also marketed products on their behalf. This was advantageous to the banks since through financing for the purchase of products offered by other non-related companies and institutions would aid in performance of banks. This agrees with the study by Kilimo (2014) which established that firms are benefiting from each other in various zones like marketing, distribution, production, research and development and outsourcing.

Branchless banking was the least popular strategic alliance among banks and very few banks had adopted branchless banking and customers could bank money using their mobile phones without necessary having to open a bank account and more so they could borrow loans via their mobile loans without necessary having to open an account with the bank.

The study found that most banks have improved performance as a result of strategic alliances comprising of adoption of bancassurance, branchless banking and non-equity strategic alliances. The overall mean for strategic alliances was 3.2. This show the banks were moderately practicing strategic alliance.

Generally, the study established that processes innovation strategy contributed largely towards the performance of the banks followed by positioning strategy, technological change strategy and strategic alliance.

4.9.5 Moderating effect of Government regulations on relationship between Value Innovation strategies and performance of Commercial Banks, Kenya

The study established that moderating variables had significant effect on the relationship between the value innovation strategies and performance of commercial banks in that with the effect of moderating variables in terms of capital adequacy, interest rates capping and non-listing of non-performing loans the R^2 coefficient for the value innovation strategies was at 0.609 (60.9%) which was lower than when the moderating variable had not been considered. Without the consideration of the moderating variable the R^2 was 0.632 (63.2%) which indicates that the moderating variables influenced the relationship between value innovation strategies and performance of commercial banks.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

The chapter consists of summary of the study, conclusions and recommendations. The variables that were the focus of the study were processes innovation strategy, technological change strategy, positioning strategy and strategic alliances while the dependent variable was performance of commercial banks in Kenya

5.1 Summary of the Findings

This section succinct the findings of the study. The purpose of this study was to establish the influence of value innovation strategies on performance of Commercial Banks in Kenya. The study established that there was a significant influence of processes innovation strategy, Technological change strategy and the positioning strategy on performance of commercial bank in Kenya however the influence of strategic alliance on performance of commercial bank was partial. In line with the outcomes presented and argued in the previous chapter, the study derived the following findings.

5.1.1 Influence of processes innovation strategy on performance of Commercial Banks, Kenya

The first objective was to determine Influence of processes innovation strategy on performance of Commercial Banks in Kenya. The study established that there was a significant positive influence of processes innovation strategy on performance of Commercial Banks in Kenya. Mobile and internet banking were found to be the most widely used processes innovation strategy and the one that had been adopted by most of the banks as they facilitated transactions without customers necessary having to visit the bank, hence customers can either withdrawal cash, deposit cash as well as settle other bills without having to queue for long hours in the banks It was established than agency banking was the least adopted process innovation strategy.

5.1.2 Influence of technological change strategy on performance of Commercial Banks, Kenya

The second objective was to investigate influence of technological change strategy on performance of Commercial Banks in Kenya. The study established that there was a significant positive influence of technological change strategy on performance of Commercial Banks in Kenya. Most banks were said to be embracing block chain technology and big data solutions as it facilitated securing and safeguarding of customers information. However, it was established that real time payment was not a very popular technological change strategy amongst most of the banks

5.1.3 Influence of positioning strategy on performance of Commercial Banks, Kenya

The third objective was to assess influence of positioning strategy on performance of Commercial Banks in Kenya. The study established that there was a significant positive influence of positioning strategy on performance of Commercial Banks in Kenya. Variety based positioning was the most popular strategy in most banks which meant most banks offered variety of tailor made products with unique features in order to suit the needs of its target customers. Access based positioning was the least popular strategy.

5.1.4 Influence of strategic alliance on performance of Commercial Banks, Kenya

The fourth objective was to examine influence of strategic alliance on performance of Commercial Banks in Kenya. The study established that there was partial significant positive influence of strategic alliance on performance of Commercial Banks in Kenya. The study established that most of the banks had embraced bancassurance and therefore offered insurance services to their customers and the customers could pay for the insurance premiums through the bank.

A number of the banks also had partnership with other institutions and therefore financed products offered by those institutions and also marketed products on their behalf. However it was established that not many commercial banks were involved in strategic alliances activities.

5.1.5 Influence of moderating variable on relationship between Value Innovation strategies and performance of Commercial Banks, Kenya

The study established that moderating variables had significant influencing on the relationship between the value innovation strategies and performance of commercial banks. Moderating variable considered in this study was the government regulations in terms of regulation of capital adequacy, interest rates capping and non-listing of non-performing loans. The R^2 coefficient for the value innovation strategies was at 0.609 (60.9%) which was lower than when the moderating variable had not been considered. Without the consideration of the moderating variable the R^2 was 0.632 (63.2%). The study established that the moderating variables influenced the relationship between value innovation strategies and performance of commercial banks.

5.2 Conclusion

The study findings showed that each of the four independent variable under value innovation strategies namely processes innovation strategy, technological change strategy, positioning strategy and strategic alliance has influence on performance of commercial banks in Kenya. However, influence of strategic alliance was found to be partial, when compared with other strategies under consideration. Processes innovation strategy has the greatest influence, followed by positioning strategy, then technological change strategy and lastly the moderate influence of strategic alliance. The study therefore concluded that each of the four variables under value innovation strategies namely processes innovation strategy, technological change strategy, positioning strategy and strategic alliance has influence on performance of commercial banks in Kenya.

Mobile and internet payments are significant mechanisms employed by persons and entities as a safeguarded and quick means of making payments through the mobile phone and through the internet usage. Technology change has also facilitated data storage, creating efficiency and easy retrieval of vital business information. The implementation of sound data plans that allows the companies to collect and keep large volumes of data that can be used in making comprehensive analysis and overall aiding in making sound strategic decisions and keeping track of the changing patterns of the business environment.

Access based positioning which entails reaching out to customers in the most efficient and effective way is a good mechanism for customer satisfaction and value addition to customers. Strategic alliances have enabled firms to get effective ways of integrating new technologies in their operations hence enabling them to venture into new and emerging markets, although they are not easy to form and support. Strategic alliances are fast becoming a trend in the corporate business.

Its clear from the research results that majority of banks are reliant on value innovation strategy to support performance and ensure survival. Most banks have come up with innovative ways like mobile and internet banking as well as offering of variety and tailor made products which are readily available and accessible in order to stay in business and adapt to global standards where by money can be transmitted into another person's account almost instantly and the customers information remains secured. Those banks that remain non innovative may be kicked out of the business. In this context, value innovation is key towards performance of commercial banks which is manifested through increased profits, enhanced market share as well as products performance.

5.3 Recommendations

Based on conclusion of the study the following were the study recommendations

5.3.1 Managerial Recommendation

The study established that each one of the value innovation strategies had a significant influence on performance of commercial banks in Kenya. It is therefore paramount that the banks top management implements them in their corresponding banks. Innovative strategies which includes mobile and internet banking as well as offering variety of tailor-made products were found to be very important strategies. The research made recommendation that commercial banks to speed up adoption of agency banking particularly in places that are in the out skirts of the town to help the clients draw the service nearer to where they are consequently improving the piece of the pie of the particular bank. This is on the grounds that this can decongest the primary banks and have client served inside a brief time frame. For the banks whose asset bases are flimsy partnerships are suggested and those that are bigger acquisitions of more modest and more fragile banks with low asset base is recommended in order to boost performance.

Using innovation, banks can present new items on the lookout, enhance the current items and, surprisingly, substitute the items that appear to be not to draw in the clients. Banks should also strive and ensure that customer's information is well safeguarded in order to win trust from them.

5.3.2 Policy Recommendation

The study established that value innovation strategy played an important role on performance of commercial banks in Kenya. The research will help policy makers in developing policies that will help improve the performance of commercial banks and other sectors of economy. The study forms the basis on which different organizations and institutions can adopt innovative ways of doing business hence creating value to their customers and breaking away from the confines of the industry boundaries. The study will also assist intellectuals and be a reference for further studies. It will be also helpful to those undertaking a similar or closely related study. The aspect of value innovation is not only limited to the banking sector and hence it cuts across all other organizations whose core goal is enhancing performance and therefore the research contributes to a large extend the progression of academic knowledge on value innovation strategy in organizations in Kenya and particularly to commercial banks in Kenya.

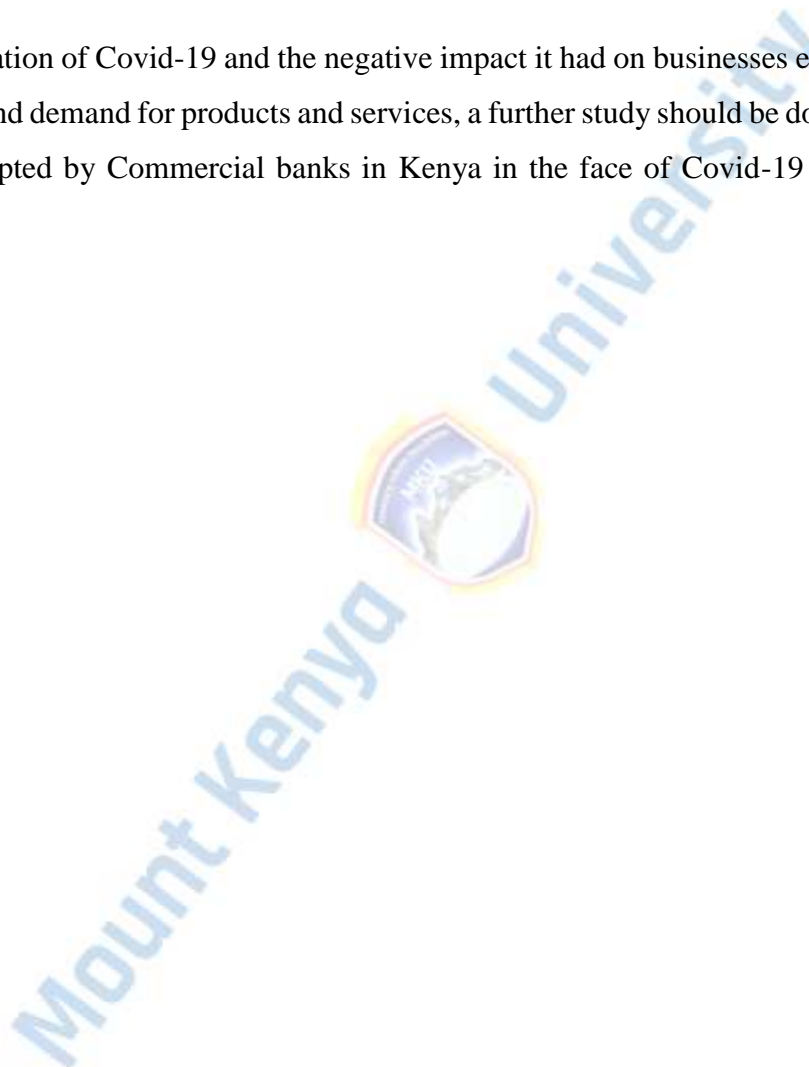
5.5 Areas for Further Research

This research attempted to investigate the influence of value innovation strategy on performance of commercial banks in Kenya where it was laid out that Strategic alliance contribute to a minor extend in the performance of commercial banks. A comparative study ought to be carried out to establish the degree to which strategic alliance prompts to the performance of different firms in Kenya. This will enable the research to either confirm or reject the finding established.

Another research should be carried out to explore the technological change strategy and in particular challenges in adoption of block chain technology and performance of other organizations. The purpose will be to investigate if technological change strategy influences the performance of other organizations in any way. It will enable to establish the extent to which block chain technology is popular in other organizations and challenges in its adoption. Additionally, further research should be done to establish the challenges in adoption of real time payment in banking sector.

Further studies should be conducted to examine the influence of value innovation strategy on performance of micro finance banks in Kenya since micro finance banks have a role to play in the financial sector and given that the study findings were constrained on commercial banks. Additionally, given that Tier 2 banks were considered in the current study, further studies should be conducted examine the influence of value innovation strategy on performance of Commercial banks in Kenya based on other Tiers in the banking sector.

Given the implication of Covid-19 and the negative impact it had on businesses especially decline in level of sales and demand for products and services, a further study should be done to investigate on strategies adopted by Commercial banks in Kenya in the face of Covid-19 for survival and profitability.



REFERENCES

- Abbas, J., Muzaffar, A., Mahmood, H. K., Ramzan, M. A., & Rizvi, S. S. U. H. (2014). Impact of technology on performance of employees (a case study on Allied Bank Ltd, Pakistan). *World Applied Sciences Journal*, 29(2), 271-276.
- Adıgüzel, S. (2020). Market and brand positioning and sustainability strategies in international marketing. *International Journal of Scientific Research and Management*, 8(9), 9-24.
- Agnihotri, A. (2016). Extending boundaries of blue ocean strategy. *Journal of Strategic Marketing*, 24(6), 519-528.
- Akram, K., Siddiqui, S. H., Nawaz, M. A., Ghauri, T. A., & Cheema, A. K. H. (2011). Role of knowledge management to bring innovation: an integrated approach. *International bulleting of Business Administration*. ISSN 1451-243X Issue 11 (2011)
- Akter, S., Michael, K., Uddin, M. R., McCarthy, G., & Rahman, M. (2020). Transforming business using digital innovations: The application of AI, blockchain, cloud and data analytics. *Annals of Operations Research*, 1-33.
- Alexiou, C., & Sofokus V. (2009). Determinants of bank profitability: Evidence from the Greek banking sector. *Economic Annals*, 2009, Vol 54, Issue 182, 93-118
- Allen, F., & Gu, X. (2015). China's financial system: growth and risk. *Foundations and Trends in Finance*, 9(3-4), 197-319.
- Amici, A., Fiordelisi, F., Masala, F., Ricci, O., & Sisti, F. (May 01, 2013). Value creation in banking through strategic alliances and joint ventures. *Journal of Banking and Finance*, 37, 5, 1386-1396
- Amuhinda, R.A. (2018). The effects of Interest Rate Capping on Performance of Commercial Banks in Kenya , Unpublished MBA Project University of Nairobi.
- Arora, A. (2013). An Analysis on Contribution of Bancassurance on Financial Performance of Bank in India. *Acropolis Institute of Management Studies and Research. Journal of Economics and Development*, 4, 6-20

- Arundel, A., Bloch, C., & Ferguson, B. (2019). Advancing innovation in the public sector: Aligning innovation measurement with policy goals. *Research Policy*, 48(3), 789-798.
- Aun, I. I. (2014). Effect of strategic alliance on the performance of manufacturing companies in Nigeria. *Jorind12* (2) December, 2014. ISSN 1596-8308 www.transcampus.org/journals; www.ajol.info/journals/jorind.
- Bala, H., & Venkatesh, V. (2013). Changes in employees job characteristics during an enterprise system implementation: A latent growth modeling perspective. *MIS Quarterly*, 2013, Vol 37, Issue 4, 1113-1140
- Björklund, M., Martinsen, U., & Abrahamsson, M. (2012). Performance measurements in the greening of supply chains. *Supply Chain Management: An International Journal*, 17(1), 29-39.
- Blankson, C., & Crawford, J. C. (2012). Impact of positioning strategies on service firm performance. *Journal of Business research*, 65(3), 311-316.
- Blankson, C., & Crawford, J. C. (2012). Impact of positioning strategies on service firm performance. *Journal of Business research*, 65(3), 311-316.
- Brenes, E. R., Ciravegna, L., & Acuña, J. (2020). Differentiation strategies in agribusiness—A configurational approach. *Journal of Business Research*, 119, 522-539.
- Bundi, V.K. (2017). Competitive strategies and performance of the banking industry in Kenya. Unpublished MBA project. Kenyatta University.
- Cacciolatti, L., Rosli, A., Ruiz-Alba, J. L., & Chang, J. (2020). Strategic alliances and firm performance in startups with a social mission. *Journal of Business Research*, 106, 106-117.
- Chan Kim, W., & Mauborgne, R. (2005). Value innovation: a leap into the blue ocean. *Journal of business strategy*, 26(4), 22-28.
- Charles, M.K (2017). Effect of agency banking on financial performance of Commercial banks listed at the Nairobi securities exchange, Kenya. MBA (Finance) project, Technical University of Mombasa.

- Chavan, J. (2013). Internet banking-benefits and challenges in an emerging economy. *International Journal of Research in Business Management*, 1(1), 19-26.
- Chiang, K. F., Hung-Chi, L., & Wen –Chin, L. (2013). An Evaluation of Key Factors for Bancassurance Success. *International Journal of Application and Innovation in Engineering and Management*, 2 (12), 190-198
- Cocco, L., Pinna, A., & Marchesi, M. (2017). Banking on block chain: Costs savings thanks to the block chain technology. *Future internet*, 9(3), 25.
- Cohen, J. R., Holder-Webb, L. L., Nath, L., & Wood, D. (2012). Corporate reporting of non-financial leading indicators of economic performance and sustainability. *Accounting Horizons*, 26(1), 65-90.
- Collomb, A., & Sok, K. (2016). Block chain/distributed ledger technology (DLT): What impact on the financial sector? *Digiworld Economic Journal*, (103).
- Consultants, D., 2015. Ten types of Innovations
- Cristea, A. (2014). Positioning Strategies for Obtaining and Sustaining Competitive Advantage. *International Journal of Economic Practices and Theories*, 4(5), 894-902.
- David, G.G. (2017). Strategic Positioning and Financial performance of Commercial Banks in Kenya. MBA project Kenyatta University.
- Dorobantu, S., Kaul, A., & Zelner, B. (2017). Nonmarket strategy research through the lens of new institutional economics: An integrative review and future directions. *Strategic management journal*, 38(1), 114-140.
- Dressler, M. (2013). Innovation management of German wineries: from activity to capacity—an explorative multi-case survey. *Wine Economics and Policy*, 2(1), 19-26.
- Dyer, J. H., Kale, P., & Singh, H. (2004). *When to ally and when to acquire* (pp. 109-115). Harvard Business Review.
- Ejiofor, V., & Rasaki, J. (2012). Realizing the benefits and challenges of cashless economy in Nigeria: IT perspective. *International Journal of Advances in Computer Science and Technology*, 1(1), 07-13. Retrieved from www.warse.org/pdfs/ijacst02112012.pdf

- Ellie Martin, (2017). How Block chain is changing the way we do business. Retrieved from:<https://thenextweb.com/contributors/2017/09/07/blockchain-changing-way-business/>
- Fadeyi, O., Adegbuyi, O., Oke, A. O., & Ajagbe, A. M. (2015). Review of Organizational Strategy and Structure (1962-2015).
- Fayvishenko, D. (2018). Formation of brand positioning strategy. *Baltic Journal of Economic Studies*, 4(2), 245-248.
- Freeman, C. (2013). *Economics of industrial innovation*. Routledge.
- Galbraith, J. R. (2012). The future of organization design. *Journal of Organization Design*, 1(1).
- García-Morales, V. J., Jiménez-Barrio Nuevo, M. M., & Gutiérrez-Gutiérrez, L. (2012). Transformational leadership influence on organizational performance through organizational learning and innovation. *Journal of business research*, 65(7), 1040-1050.
- Gebauer, H., Worch, H., & Truffer, B. (2012). Absorptive capacity, learning processes and combinative capabilities as determinants of strategic innovation. *European Management Journal*, 57-73.
- Genç, N., Alayoğlu, N., & İyigün, N. (2012). A Conceptual Model Proposal for Determinants, Form, Functions and Structure Choice in Strategic Alliances. *Procedia - Social And Behavioral Sciences*, 58, 1594-1600. doi: 10.1016/j.sbspro.2012.09.1146
- Gitau, M. W. (2020). *Effects of Internet Banking on Financial Performance of Commercial Banks: Case Study of Equity Bank* (Doctoral dissertation, United States International University-Africa).
- Govindarajan, V., & Trimble, C. (2005). Organizational DNA for Strategic Innovation. *California Management Review*, 47-76
- Guo, C., Wang, Y. J., Hao, A. W., & Saran, A. (2018). Strategic positioning, timing of entry, and new product performance in business-to-business markets: do market-oriented firms make better decisions?. *Journal of Business-to-Business Marketing*, 25(1), 51-64.

- Guo, Y., & Liang, C. (2016). Block chain application and outlook in the banking industry. *Financial Innovation*, 2(1), 24.
- Gupta, S. (2013). The Mobile Banking and Payment Revolution. *The European Financial Review*. www.citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.366.4435&rep=rep1&type=pdf
- Higgins, J.M. (2005). How effective companies operate: lessons from Japanese strategy. *Creativity and Innovation Management*, Vol. 4, Issue 2, 110-11.
- Hitt, M. A., Xu, K., & Carnes, C. M. (2016). Resource based theory in operations management research. *Journal of Operations Management*, 41, 77-94.
- <http://www.ey.com/Publication/vwLUAssets/EY-global-banking-outlook-2017>
- <http://www.m-pesafoundation.org/>
- <http://www.theeastafrican.co.ke> > Business
- <https://www.centralbank.go.ke/reports/cbk-reports-and-financial-statements/>
- <https://www2.deloitte.com/us/en/pages/financial-services/articles/banking-industry:2018Banking-outlook>
- Huang, X., Kristal, M. M., & Schroeder, R. G. (2010). The impact of organizational structure on mass customization capability: a contingency view. *Production and Operations Management*, 19(5), 515-530.
- Huda, M., Qodriah, S. L., Rismayadi, B., Hananto, A., Kardiyati, E. N., Ruskam, A., & Nasir, B. M. (2019). Towards cooperative with competitive alliance: Insights into performance value in social entrepreneurship. In *Creating business value and competitive advantage with social entrepreneurship* (pp. 294-317). IGI Global.
- Ijaza, A. K., Mwangi, S. W., & Ng'etich, K. A. (2014). Challenges faced by the Women Enterprise Fund in Kenya; A survey of Hamisi constituency, Vihiga County-Kenya. *Research on Humanities and Social Sciences*, 4, 14.
- Inta-Kotane & Irina, K. (2011). Non-financial indicators for evaluation of business activity. *European Integration Studies*, 1822-8402

- Ionescu, A., & Ionescu, C. (2015). The relationship between the innovation, orientation and organizations' performance in Romania. *Romanian Journal of Economics*, 40(49), 299-312.
- Jack, W., & Suri, T. (2011). *Mobile Money: The Economics of M-PESA*. doi: 10.3386/w16721
- Johne, A., & Storey, C. (2018). New Service Development. *European Journal of Marketing*, 32(3/4), 184-251.
- Johnson, G., Scholes, K. & Whittington, R. (2015). *Exploring Corporate Strategy*, 7th Edition, Prentice Hall, Harlow England
- Kaplan, R. S., & Norton, D. P. (2001). Transforming the balanced scorecard from performance measurement to strategic management: Part I. *Accounting horizons*, 15(1), 87-104.
- Kariuki, A.N. (2017). Effects of innovation strategy in enhancing competitive advantage among Commercial Banks in Kenya. Unpublished MBA project, United States International University- Africa.
- Kemoli, A. K. (2012) Strategic Innovations and Performance of Commercial banks listed in Nairobi securities exchange MBA project University of Nairobi.
- Kern, T., & Willcocks, L. (2002). Exploring relationships in information technology outsourcing: the interaction approach. *European Journal of Information Systems*, 11(1), 3-19. doi: 10.1057/palgrave.ejis.3000415
- Kibira, B. (2015). Effect of strategic alliances on competitive advantage of commercial banks in Kenya. *Journal of Business research*, 68(3), 214-226.
- Kilimo, N. C., & Finance, I. (2012). The effects of Strategic Alliances on the Financial Performance of Commercial Banks in Kenya. Jomo Kenyatta University of Agriculture technology.
- Kim, W. C., & Mauborgne, R. (2014). *Blue ocean strategy, expanded edition: How to create uncontested market space and make the competition irrelevant*. Harvard business review Press.
- Kim, W. C., & Mauborgne, R. A. (2017). *Blue Ocean Leadership*. Harvard Business Review Press.

- Kotane, I. (2015). Use Of Financial And Non-Financial Indicators In Evaluation Of Company's Performance. CBU International Conference Proceedings, 3, 224.doi: 10.12955/cbup.v3.605
- Kothari, C. R. (2014). Research Methodology; Methods and Techniques. 2nd ed.New Delhi, New Age International Publishers
- Krishnan K. (2013). Data Warehousing in the Age of Big Data.
- Kumar, S., & Phrommathed, P. (2005). Research methodology (pp. 43-50). Springer US.
- Kurgat, D.K. (2017) Influence of Financial innovations on financial performance of Commercial Banks in Kenya. MBA (Finance) project, Kenyatta University.
- Laban, O. M., & Deya, J. (2019). Strategic innovations and the performance of information communication technology firms in Nairobi Kenya. *International Journal of Academic Research in Progressive Education and Development*, 8(2), 1-24.
- Laban, O. M., & Deya, J. (2019). Strategic innovations and the performance of information communication technology firms in Nairobi Kenya. *International Journal of Academic Research in Progressive Education and Development*, 8(2), 1-24.
- Lee, C. W. (2012). Strategic alliances influence on small and medium firm performance. *Journal of Business Research*, 60, 731–741.
- Letangule, S. (2017). Technological Innovation and Corporate Performance, *International Journal of Management & Business Studies, IJMBS*, 2 (3), 66-72.
- Lin, H., & Darnall, N. (2015). Strategic alliance formation and structural configuration. *Journal of Business Ethics*, 127(3), 549-564.
- Linyiru, B. M. (2015). Influence of corporate entrepreneurship on the performance of state corporations in Kenya (Doctoral dissertation, JKUAT).
- Mabwai, F. (2016). *Effects of mobile banking on the financial performance of commercial banks in Kenya* (Doctoral dissertation, University of Nairobi).

- Makokha, A. N. (2017). The Influence of Manager's Demographic Information on the relationship between Financial Determinants Indicators and Financial Performance of Commercial Banks In Kenya (Doctoral dissertation, JKUAT).
- Malenya, M. (2014). Factors that influence the growth of E-commerce in Nairobi-Kenya. Unpublished MBA Project, United States International University -Africa.
- Malhotra, P. & Singh, B. (2009) The impact of Internet banking on bank performance and risk: The Indian experience *Eurasian Journal of Business and Economics*, 2 (4) (2009), pp. 43-62
- Mangar, E. Y. (2017). *Strategic alliance portfolio diversity and performance of Commercial Banks in Kenya* (Doctoral dissertation, University of Nairobi).
- Manyika, J., Chui, M., Brown, B., Bughin, J., Obb, R., Roxburgh, C., & Byers, A. (2011). Big data: The next frontier for innovation, competition, and productivity. Retrieved from <https://www.mckinsey.com/business-functions/digital-mckinsey/our-insights/big-data-next-frontier-for-innovation>
- Martelo, S., Barroso, C., & Cepeda, G. (2013). The use of organizational capabilities to increase customer value. *Journal of Business Research*, 66(10), 2042-2050.
- Martin, M. S., & Namusonge, M. J. (2014). Influence of innovation on small and medium enterprise (SME) growth. *International Journal for Innovation Education and Research*, 2(5), 31-41.
- Mbaluka, W (2013). Big data management and business value in the commercial banking sector in Kenya. Unpublished MBA Project, University of Nairobi.
- Mbigura, M. (2012). Technology and Competitive Advantage of Commercial Banks in Kenya. *Unpublished MBA Thesis*, 20-21.
- McKinsey & Company, (2016). How block chains could change the world. Retrieved from: <https://www.mckinsey.com/industries/high-tech/our-insights/how-blockchains-could-change-the-world>

- Milimu, C. K. (2016). *The influences of change management practices on performance of Pinnacle Projects Ltd, Kenya* (Doctoral dissertation, University of Nairobi).
- Min, Z., Weidong, C., Jingtong, Z., Xinzhe, G., & Qiyue, X. (2018). The development of China's financial system: a global perspective. *China Economic Journal*, 11(1), 25-43.
- Minai, M. S. & Lucky, E. O. (2017). The Conceptual Framework of the Effect of Location on Performance of Small Firms. *Asian Social Science*, 7 (12), 110- 117.
- Mohamed, H. (2019). *Effect of Mobile Banking On the Financial Performance of Commercial Banks in Kenya* (Doctoral dissertation, United States International University-Africa).
- Mohammed, K. (2013). The Effect of Perceived Value on Brand Loyalty and Mediated by Customer Satisfaction: A Case of Hand Phone Users. *Journal of Applied Business*, 5(6), 163-168.
- Mohamud, A. A. (2016). Automated Queuing and the Experience of Kenya Commercial Bank Retail Customers in Nairobi, Kenya. *Journal of Accounting & Economics*, 2(3), 78–85.
- Mohanty S., Jagadeesh M. And Srivatsa H. (2013). Big Data Imperatives: Enterprise Big Data Warehouse, BI Implementations and Analytics.
- Molonko, B., & Jagongo, A (2014) Bottom of the pyramid strategy and financial performance of commercial banks: An assessment of Agency Banking operations in Kenya. *Global journal of commerce and management perspective*. ISSN:2319-7285
- Mong'are, A. (2016). *Strategic Alliances and Performance of Information Communication Technology Companies in Kenya* (Doctoral dissertation, University of Nairobi).
- Monyi, J. N., Namusonge, G., & Sakwa, M. Effect of Market Structure on Financial Performance of Deposit Taking Microfinance Institutions in Nairobi City County, Kenya.
- Mugenda, O. M., & Mugenda, A. G. AG (2008) *Research Methods: Quantitative and Qualitative Approaches*: Nairobi. African Centre for Technology Studies.
- Muisyo, J., Alala, O., & Musiega, D. (2014). The Effects of Mobile Money Services on the Performance of the Banking Institutions: A Case of Kakamega Town. *The International Journal Of Engineering And Science*, 3(4), 2319 –1805. doi: ISSN (e):2319 –1813ISSN

- Mukeshimana, A., Nkechi, I. E., & Jefferson, H. O. (2019). Effect of Strategic Positioning on Organizational Performance of Independent Power Producers in Rwanda A Case Study of Selected IPPs. *European Journal of Business and Management Research*, 4(5).
- Murage, W. L. (2016). *Strategic Alliances And Competitiveness Of Family Bank Limited* (Doctoral dissertation, University of Nairobi).
- Mutisya, M. (2010). Change Management And Competitive Advantage : A Case Of Kenya Police Staff Savings And Credit Society. *International Journal of Academic Research in Accounting, Finance and Management Science*, 2(3), 89–93.
- Mwando, S. (2013). Contribution of Agency Banking On Financial Performance Of Commercial Banks in Kenya. *Journal of Economics And Sustainable Development*, 4(20). SSN 2222-1700.
- Mwangi, D. W. (2014). Effect of strategic alliances on the growth of Kenya Commercial Bank group. Unpublished MBA project. University of Nairobi.
- Mwangi, J. W. (2010). An assessment of the Determinants of growth of Bancassurance in Kenya. Unpublished MBA project, University of Nairobi.
- Mwereru, J. K. (2018). *Strategic Alliances and Performance of Non-governmental Organizations in the Human Rights Sector in Kenya* (Doctoral dissertation, university of nairobi).
- Nath, R., Bhal, K. T., & Kapoor, G. T. (2013). Factors influencing IT adoption by bank employees: An extended TAM approach. *Vikalpa*, 38(4), 83-96.
- Ndungu, C., & Njeru, A. (2014). Assessment of Factors Influencing Adoption of Agency Banking in Kenya: The Case of Kajiado North Sub County. *International Journal of Business and commerce*, 3(8), 91-111. doi: ISSN: 2225-2436
- Ng'eno, S. C. (2012). *Strategic change management practices and organization performance at the Kenya Commercial Bank* (Doctoral dissertation, University of Nairobi).
- Nguyen, N. T. (2020). Performance evaluation in strategic alliances: A case of Vietnamese construction industry. *Global Journal of Flexible Systems Management*, 21(1), 85-99.

- Nick Skillicorn, (2016). 15 most important Innovation Theories your company should be using. Retrieved from: <https://www.ideatovalue.com/inno/nickskillicorn/2017/07/15-most-important-innovation-theories-your-company-should-be-using/>
- Nippa, M., & Reuer, J. J. (2019). On the future of international joint venture research. *Journal of International Business Studies*, 50(4), 555-597.
- Niranjanamurthy, M. (2014). E-commerce: Recommended Online Payment Method. *International Journal of Computer Science and Mobile Computing*, 3(17), 669-679.
- Nwaolisa, E. F., & Kasie, E. G. (2012). Electronic retail payment systems: User acceptability and payment problems in Nigeria. *Oman Chapter of Arabian Journal of Business and Management Review*, 34(953), 1-18.
- Nzuki, F. N. (2016). *Strategic alliance and performance by Kenya commercial bank group limited* (Doctoral dissertation, University of Nairobi).
- Odhiambo, S. O. (2018). Innovation strategies adopted by Standard Chartered Bank. *International Academic Journal of Economics and Finance*, 3(4), 132-153.
- Olweny, T., & Shipho, T. M. (2011). Effects of banking sectoral factors on the profitability of Commercial Banks in Kenya. *Economics and Finance Review*, 1(5), 1-30.
- Onchwari, N. (2017). *Effect Of Strategic Alliances On Competitive Advantage Among Mobile Network Operators In Kenya* (Doctoral dissertation, University of Nairobi).
- Onje, F., & Oloko, D. (2017). Influence of strategic alliance on financial performance of commercial banks in Kenya. *International journal of social science and information technology*, 2(4), 503-519.
- Parth Misra, (2018). 5 Ways Blockchain Technology Will Change the Way We Do Business. Retrieved from: <https://www.entrepreneur.com/article/309164>
- Paul, J., Mittal, A., & Srivastav, G. (2016). Impact of service quality on customer satisfaction in private and public sector banks. *International Journal of Bank Marketing*, 34(5), 606-622.

- Peters, G. W., & Panayi, E. (2016). Understanding modern banking ledgers through block chain technologies: Future of transaction processing and smart contracts on the internet of money. In *Banking, beyond banks and money* (pp. 239-278). Springer, Cham.
- Pisano, G. P. (2015). You need an innovation strategy. *Harvard Business Review*, 93(6), 44-54.
- Polasik, M., & Piotr Wisniewski, T. (2009). Empirical analysis of internet banking adoption in Poland. *International Journal of bank marketing*, 27(1), 32-52.
- Pousttchi, K., & Hufenbach, Y. (2012, December). Mobile payment in the smartphone age: extending the mobile payment reference model with non-traditional revenue streams. In *Proceedings of the 10th International Conference on Advances in Mobile Computing & Multimedia* (pp. 31-38). ACM.
- Rajmal, PallaviChavan, Shri RadheshyamVerma and Smt. Anwasha Das (2017) *Global Banking – Recent Developments and Future Perspectives*
- Rogers, Everett (2003). *Diffusion of Innovations*, 5th ed. New York: Free Press Sage, London
- Rothaermel, F. T. (2013). *Strategic management: concepts*. New York, NY: McGraw-Hill Irwin.
- Russo, M., & Cesarani, M. (2017). Strategic alliance success factors: a literature review on alliance lifecycle. *International Journal of Business Administration*, 8(3), 1-9.
- Sainaghi, R., Phillips, P., & Corti, V. (2013). Measuring hotel performance: Using a balanced scorecard perspectives' approach. *International Journal of Hospitality Management*, 34, 150-159.
- Sanghani, D. (2014). *The Effect Of Liquidity On The Financial Performance Of Non-Financial Companies Listed At the Nairobi Securities Exchange* (Masters). University of Nairobi.
- Saunders, M., Lewis, P. & Thornhill, A. (2012) "Research Methods for Business Students" 6th edition, Pearson Education Limited
- Schumpeter, J. (1934). *The Theory of Economic Development*, Harvard Univ. Press, Boston
- Sekaran, U, & Bougie, R. (2011). *Research methods for business: A skill building approaches* 5th ed. John Willey & Sons Inc., Singapore.

- Serrat, O. (2017). Learning in strategic alliances. In *Knowledge solutions* (pp. 639-647). Springer, Singapore.
- Siddiqui, A., & Qureshi, R. (2017). Big Data In Banking: Opportunities And Challenges Post Demonetisation in India. Retrieved from: https://www.researchgate.net/publication/313836902_Big_Data_In_Banking_Opportunities_And_Challenges_Post_Demonetisation_in_India
- Sparks, R. S., & Field, J. B. (2000). Using Deming's funnel experiment to demonstrate effects of violating assumptions underlying Shewhart's control charts. *The American Statistician*, 54(4), 291-302.
- Strøm, H. A., Olsen, T. H., & Foss, L. (2020). Tensions for cultural entrepreneurs managing continuous innovation: a systematic literature review. *International Journal of Arts Management*, 23(1), 61-78.
- Sultan, P., & Wong, H. Y. (2014). An integrated-process model of service quality, institutional brand and behavioural intentions: The case of a University. *Managing Service Quality*.
- Teece, D. J., Pisano, G., & Shuen, A. (1997). Dynamic capabilities and strategic management. *Strategic management journal*, 18(7), 509-533.
- The Economist (2014). Retail banks and big data: Big data as the key to better risk management. Retrieved 2014, from: [http://www.eiuperspectives.economist.com/sites/default/files/Retail Banks and Big Data.pdf](http://www.eiuperspectives.economist.com/sites/default/files/Retail%20Banks%20and%20Big%20Data.pdf)
- Udegbe, S.E., & Udegbe, M.I. (2013). Impact of product development and innovation on organization performance. *International journal of management and sustainability*. 2 (12), 220
- Upagade, V. & Shende, A. (2012). *Research Methodology*. 2nd Edition S. Chand & Company Ltd ram Nagar New Delhi
- Venkatraman, S., & Venkatraman, R. (2019). Process innovation and improvement using business object-oriented process modelling (BOOPM) framework. *Applied System Innovation*, 2(3), 23.

- Vonortas, N. & Zirulia, L. (2015). Strategic technology alliances and networks. *Economics of Innovation and New Technology*, 24(5), 490-509.
- Wang, Z., Wang, N., & Liang, H. (2014). Knowledge sharing, intellectual capital and firm performance. *Management decision*, 52(2), 230-258.
- Waweru, M.W (2014).Challenges of strategy implementation in the world scout bureau-Africa regional office in Nairobi Kenya. Unpublished MBA Research Project, University of Nairobi
- Waweru, T. N. (2014). The effect of bancassurance on the financial performance of Commercial Banks in Kenya. Unpublished Master of Science in Finance Thesis. University of Nairobi.
- Weor, S. S. (2018). Response Strategies Adopted By Commercial Banks In Kenya For Gaining Competitive Advantage.
- Wyk, M. M. V. (2011). The use of cartoons as a teaching tool to enhance student learning in economics education. *Journal of Social Sciences*, 26(2), 117-130.
- Yin, R. K. (2014): Case study research, design and methods. 5th edition, Sage, Los Angeles
- Yuliansyah, Y. and Mohd. S, Ahmad, R, (2015). Non-financial performance measures and managerial performance: the mediation role of innovation in an Indonesian stock exchange-listed organization. *Problems and Perspectives in Management*, 13(4), 135-144.

APPENDICES

Appendix I: Introduction Letter

Teresia Kalekye Mutisya

P.O Box 4660-00100

Tel.

Email:

Date.....

To CEOs,

Sampled Banks

Dear Sir /Madam,

RE: **REQUEST FOR ACADEMIC RESEARCH DATA COLLECTION.**

I am a postgraduate candidate from Mount Kenya University conducting a study on “**ANALYSIS OF VALUE INNOVATION STRATEGIES**” ON PERFORMANCE OF COMMERCIAL BANKS, KENYA as part of my post graduate course requirements. I request for consent to get information as it will be of abundant assistance in reporting this examination. This exploration will utilize questionnaires to gather information. The questionnaires will be given to the top management team. The information obtained will be utilized for scholarly reason only and will be treated with a lot of confidentiality and privacy. The examination discoveries and suggestion will be channeled to you if essential.

Thank you.

Yours faithfully,

Teresia Kalekye Mutisya

Student

Appendix II: Consent Form

Project title: Analysis of value innovation strategies on performance of commercial banks in Kenya.

Am a student at Mount Kenya University pursuing Doctor of Philosophy degree in Business Administration and Management. As part of my study requirements, I'm conducting a research on Tier II commercial banks within Nairobi County. The research is intended to investigate value innovation strategies on performance of commercial banks in Kenya and I wish to request you to participate in the research.

A questionnaire will be used to collect data which will be treated with utmost confidentiality and only used for the purposes of the research. Transcripts, notes and computed data will be stored securely and will be destroyed once the research is completed. Your responses will be made anonymous and no part of the findings of this research will be linked to you but will be used strictly for the purposes of the Researcher's thesis.

You have a right to/not to respond to any questions asked. Pseudonyms will be used during journal and conference presentation of the results to further ensure confidentiality. Your participation in this research is voluntary and you may pull out at any time without reason, simply inform the Researcher. If you have questions pertaining to the research or its findings, contact the Researcher through tkalekye2004@gmail.com or mobile No.0722169142. Should you wish to make any complaint, contact.

Office of the Secretary

MKU Ethics Review Committee

P.O. Box 342 – 1000

Thika.

Consent

I have gone through and now I have the knowledge in relations to the information above and have it explained to me. I am aware that my participating in this study is voluntary and I can withdraw from it any time with notice. I willfully consent to participate in this research.

Participant's signature _____ Date _____

Researcher's signature _____ Date _____

5. How long have you worked in this bank?

Below 5 years ()

5-10 years ()

11-15 years)

Over 15 years ()

6. a) Please indicate in percentage the trend of profit growth in your company for the last five years

20 % and below ()

39-20% ()

59-40% ()

79-60% ()

Above 80 % ()

b)) In your own opinion explain what might be the contribution towards profit growth

7.a) Please indicate in percentage the trend of growth for the following products in your company for the last five years.

(i) Loans

20 % and below ()

39-20% ()

59-40% ()

79-60% ()

Above 80 % ()

(ii) Savings

20 % and below ()

39-20% ()

59-40% ()

79-60% ()

Above 80 % ()

(iii) Number of customers

20 % and below ()

39-20% ()

59-40% ()

79-60% ()

Above 80 % ()

b)) In your own opinion explain what might be the contribution towards the level of growth of the products above



SECTION B: VALUE INNOVATION STRATEGIES AND ORGANIZATION PERFROMANCE OF COMMERCIAL BANKS IN NAIROBI -KENYA.

In this section, the value innovation strategies adopted by the commercial banks in Nairobi- Kenya for organization performance are explored. They include processes innovation strategy, positioning strategy, technological change strategy and strategic alliance strategy.

B1: Processes Innovation Strategy on performance of Commercial Banks in Kenya

7. (i) State the degree of adoption in percentage of the following processes innovation strategies in your organization using a scale of 5-1 where, 5-To a very huge extent (over 80%), 4- To a huge extent (79-60%), 3- To a moderate extent 59-40%, 2- To a low extent 39-20%) and 1-To a very low extent (Below 20%)

Business Innovation Strategy	5	4	3	2	1
Agency banking					
Internet banking					
Mobile banking					

ii) Please indicate the extent to which you agree with each of statement in the context of your organization using a scale of 5-1 where, 5-To a very huge extent, 4- To a huge extent, 3- To a moderate extent, 2- To a low extent and 1- To a very low extent

Agency Banking	5	4	3	2	1
Customers can access essential services such as cash withdrawal, bills payment and cash deposit in a nearby agent outlet.					
Customers transactions are not restricted to the banks' hours and days of operation					
Customers using agency banking are more than those who visit the bank.					

Internet Banking					
Customers can access essential services such as online bills payment and account to account transfer at the comfort of their homes or offices					
Customers no longer have to queue for long hours in the banking all.					
Customers transactions are not restricted to the banks' hours and days of operation					
Mobile banking					
Customers can access essential services such as cash withdrawal, bills payment and cash deposit at the comfort of their homes or offices					
Customers using mobile banking are more than those who visit the bank.					
Customers transactions are not restricted to the banks' hours and days of operation					

B2: Technological change strategy on performance of Commercial Banks in Kenya

8. (i) State the degree of adoption in percentage of the following technological change strategies in your organization using a scale of 5-1 where, 5-To a very huge extent (over 80%), 4- To a huge extent (79-60%) , 3- To a moderate extent (59-40%), 2- To a low extent (39-20%) and 1- To a very low extent (Below 20%)

Technological change strategy	5	4	3	2	1
Real time payment through PayPal and point of sale					
Big data solution					
Block chain technology					

(ii) State the extent to which the following actions are important in your organization using a scale of 5-1 where, 5-To a very huge extent, 4- To a huge extent, 3- To a moderate extent, 2- To a low extent and 1- To a very low extent

Real time payment	5	4	3	2	1
Offering speedy and timely services to customers					
Collaborating or making transactions electronically					
Transferring of funds from one customer to another					
Big Data solution					
Simplifying transaction processes					
Easy identification of customer information and safeguarding the information					
Offering needs-based services to customers					
Block chain Technology					
Simplifying transaction processes					
Always communicating and keeping the customer Informed					
Safe guarding customers information					

B3: Positioning Strategy on performance of Commercial Banks in Kenya.

9. (i) State the degree of adoption in percentage of the following positioning strategies in your organization using a scale of 5-1 where, 5-To a very huge extent (over 80%), 4-To a huge extent (79-60%) , 3- To a moderate extent (59-40%), 2- To a low extent (39-20%) and 1- To a very low extent (Below 20%)

Positioning strategy	5	4	3	2	1
Variety based positioning					
Needs based positioning					
Access based positioning					

ii) Please indicate how important each of the actions given below is to your organization using a scale of 5-1 where, 5-To a very huge extent, 4- To a huge extent, 3- To a moderate extent, 2- To a low extent and 1- To a very low extent

Variety based positioning strategy	5	4	3	2	1
Producing a subset of products or service					
Targeting different categories of customers					
Serving a few of your customers' needs in the various categories					
Needs based positioning strategy					
Producing tailor made products to meet specific needs of a particular group of customers					
Targeting a particular category of customers					
Serving all or most of your customers' needs in the particular category					
Access based positioning strategy					
Using differentiated activities to reach out to various customer segments					
Establishing differentiated channels to reach out to various customer segments					
Segmenting customers in terms of their geographical location or customer scale					

B4: Strategic alliance on performance of Commercial Banks in Kenya

10. (i) State the degree of adoption in percentage of the following strategic alliances in your organization using a scale of 5-1 where, 5-To a very huge extent (over 80%), 4- To a huge extent (79-60%) , 3- To a moderate extent (59-40%), 2- To a low extent (39-20%) and 1- To a very low extent (Below 20%)

Strategic Alliance	5	4	3	2	1
Bancassurance					
Branchless banking					
Non-equity strategic alliance					

(ii) Please indicate the extent to which you agree with each statement in the context of your organization using a scale of 5-1 where, 5-To a very huge extent, 4- To a huge extent, 3- To a moderate extent, 2- To a low extent and 1- To a very low extent

Bancassurance	5	4	3	2	1
Customers are able to assess insurance services from the bank					
Customers can assess an insurance loan through the bank					
Customers can pay for their insurance premiums through the bank					
Branchless banking					
Customers can save money with the bank through their mobile phones without necessary opening bank account					
Customers who do not have an account with the bank can still borrow bank loan using their mobile phones					
Customers can send money to their bank accounts using a paybill number					
Non-equity strategic alliance					
Customers are able to access non-bank services/products from the bank					
Customers can access loans through the bank to finance the services/products					
The bank markets products/services for the business partners					

B5: Government Regulations on Relationship between Value innovation strategies and performance of Commercial Banks

11. Please indicate the extent to which you agree with each statement in the context of your organization using a scale of 5-1 where, 5-To a very huge extent, 4- To a huge extent, 3- To a moderate extent, 2- To a low extent and 1- To a very low extent

Government Regulations	5	4	3	2	1
The restrictions on capital adequacy influence the adoption of value innovation strategies for the performance of the bank					
The guidelines on interest rates capping influence the adoption of value innovation strategies for the performance of the bank					
The guidelines on listing of non-performing loans influence the adoption of value innovation strategies for the performance of the bank					

SECTION C: PERFORMANCE OF COMMERCIAL BANKS, KENYA

11. In accordance to your own opinion, evaluate how each of the statements are important towards enhancing the performance of your bank using a scale of 5-1 where, 5-To a very huge extent, 4- To a huge extent, 3- To a moderate extent, 2- To a low extent and 1- To a very low extent.

Statement	5	4	3	2	1
The bank has a larger customer base compared to other banks					
The bank has more branches compared to other banks					
The bank offers differentiated/ tailor made products and services to serve the needs of its target customers					
The bank has diversified its products and services					
The firm has embraced internet banking, agency banking and mobile banking					
The firm partners with other businesses such as insurance companies, mobile telephony firms, large and small businesses					
The firm offers unique and value adding products and services to its customers					
The technology used in the bank has enabled the bank to offer speedy services and to safeguard customers' information					
Interest earned from savings and loans has increased due to digitization of services and products					

Appendix IV: List of Commercial Banks in Kenya

No.	Bank Name	Year of Establishment
1	KCB Bank Kenya Limited	1896
2	Equity Bank (Kenya) Limited.	1984
3	Co-operative Bank of Kenya Limited	1872
4	Barclays Bank of Kenya Limited	1916
5	Standard Chartered Bank Kenya Limited	1911
6	Diamond Trust Bank Kenya Limited	1945
7	NCBA Bank Limited	1962
8	Stanbic Bank Kenya Limited	2007
9	Citibank N.A Kenya	1974
10	I & M Bank Limited	1974
11	Bank of Baroda (K) Limited	1953
12	Bank of India	1953
13	Prime Bank Limited	1992
14	Family Bank Limited	1984
15	National Bank of Kenya Limited.	1968
16	Ecobank Kenya Limited	2005
17	Housing Finance Corporation Limited	2010
18	Bank of Africa Kenya Limited.	2004
19	Guaranty Trust Bank (Kenya) Limited.	1986
20	Guardian Bank Limited	1992
21	First Community Bank Limited	2007
22	African Banking Corporation Limited	1984
23	Credit Bank Limited	1986
24	M-Oriental Bank Limited	2002
25	Paramount Bank Limited.	1993
26	Development Bank of Kenya Limited	1963
27	Transnational Bank Limited	1984
28	Gulf African Bank Limited	2006

29	UBA Kenya Bank Limited	2008
30	Middle East Bank (K) Limited	1981
31	Mayfair Bank Limited	2017
32	SBM Bank (Kenya) Limited	1988
33	Consolidated Bank of Kenya Limited	1989
34	Sidian Bank Limited	1985
35	Jamii Bora Bank Limited	1999
36	DIB Bank Kenya Limited	2014
37	Victoria Commercial Bank Limited	1987
38	Habib Bank A.G Zurich.	1978
39	Spire Bank Limited	1983

Source CBK Report 2021



Appendix V: Sampled Banks (Tier 2 Banks)

	Commercial Bank	Head Office
1	Bank of Baroda	Baroda House, 29 Koinange Street, Nairobi
2	Bank of India	Bank of India Building, Kenyatta Avenue,
3	Citi Bank	Citibank House, Upper hill, Upper hill Road
4	Eco-Bank	Fortis Office Park, Muthangari Drive Off
5	Family Bank	Family Bank Tower, Muindi Mbingu Street,
6	Housing Finance Corporation	Rehani House, Kenyatta Avenue/Koinange
7	National Bank	National Bank Building, Harambee Ave, Nairobi
8	SBM bank (K) Ltd	LPS Building, Kimathi Street, Nairobi
9	Prime Bank	Prime Bank Building – Riverside Drive,

Source CBK Report 2021

Appendix VI: Summary of the Banks' Performance
Performance Indicators in the Kenyan Commercial Banks

Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Bank Name	Contributing Factor
(Billion) 3,492.6	(Billion) 3,695.9	(Billion) 4,002.7	(Billion) 4,408	(Billion) 4,809	Net Assets	-Increased investment in government securities - Interest
2,485.9	2,618.4	2,900.0	3,259	3,53	Customer deposit	- Agency banking -Mobile phone platforms
2,091.4	2,293.1	2,158.5	2,488	2,707	Loans	Decline in 2017 due to decreased economic activities
147.3	214.3	264.6	248.8	269	Non-Performing loans	-Challenging business environment -Delay in payment
134	147.4	133.2	152.7	159.1	Profit before Tax	-Decline due to challenging business environment - Decline due to Interest rates capping
456.8	502.0	486.3	513.5	537.3	Income	-Increase in 2019 due to -Decline in interest income caused decrease in 2017 -Increase in fees and commissions due to innovations caused

Source: Central Bank of Kenya Bank Supervision Annual Reports 2015,2016,2017,2018 and 2019

Appendix VII: Tier 2 Banks: Profit before Tax

Year 2014	Year 2015	Year 2016	Year 2017	Bank Name
204	(1,434)	(16)	35	Bank of Africa
2,695	2,486	3,876	5,053	Bank of Baroda Baroda
1,284	1,470	2,185	2,675	Bank of India
4,145	5,577	6,033	6,373	Citi Bank
(499)	93	(2,889)	(1,434)	Eco-Bank
2,618	2,883	633	(1,371)	Family Bank
1,285	1,737	1,445	393	Housing Finance Corporation
7,749	8,367	8,651	7,516	I & M Bank
2,332	1,684	162	740	National Bank
6,081	6,260	5,926	5,676	NIC Bank
2,298	2,593	2,336	1,977	Prime Bank

Source: Central Bank of Kenya Bank Supervision Annual Reports 2014, 2015, 2016 and 2017

Appendix VIII: Tier 2 Banks: Non-Performing Loans

Year 2014	Year 2015	Year 2016	Year 2017	Bank Name
2,412	9,744	10,794	10,571	Bank of Africa
1,065	2,364	3,392	2,666	Bank of Baroda
71	364	272	435	Bank of India
881	1,768	805	1,724	Citi Bank
2,461	2,444	5,359	8,287	Eco-Bank
2,847	3,515	7,015	9,478	Family Bank
4,163	4,097	6,193	8,212	Housing Finance Corporation
1,913	5,072	5,072	17,669	I & M Bank
7,237	11,762	29,987	27,658	National Bank
5,969	13,195	12,650	13,265	NIC Bank
666	989	1,855	2,252	Prime Bank

Source: Central Bank of Kenya Bank Supervision Annual Reports 2014, 2015, 2016 and 2017

Appendix IX: Work Plan

Activity-2021/2022	June	July	Aug	Sept	Oct	Nov	Dec	Jan 2022	Feb-June 2022
Topic Identification									
Literature Review									
Proposal Writing									
Defense of proposal									
Data Collection									
Data Analysis									
Project Defense									
Dissemination									

Appendix X: Budget

No	Items	Unit	Quantity	Cost per unit	Amount
i.	Internet cost	Item			30,000
ii.	Binding and printing the research proposal	Item	20 Copies	600	12,000
iii.	Printing the questionnaire forms	Item	200 copies	50	10,000
iv.	Pilot study	Item	2 days	5000	10,000
v.	Transportation	Item	9 days	2000	18,000
vi.	Data Analysis				50,000
vii.	Printing and binding of thesis	Item	6 Copies	800	4,800
viii.	Publication fee	Item	2 publications		60,000
ix.	Contingency				30,000
	Total				224,800

Appendix XI: Turnitin Report

ANALYSIS OF VALUE INNOVATION STRATEGIES ON PERFORMANCE OF COMMERCIAL BANKS, KENYA

ORIGINALITY REPORT

17 %	16 %	6 %	4 %
SIMILARITY INDEX	INTERNET SOURCES	PUBLICATIONS	STUDENT PAPERS

PRIMARY SOURCES

1	ir.kabarak.ac.ke Internet Source	2 %
2	ir-library.ku.ac.ke Internet Source	1 %
3	erepository.uonbi.ac.ke Internet Source	1 %

Mount Kenya

Appendix XII: University Ethical Clearance Certificate



REF: MKU/ERC/1893

TO: MUTISYA TERESIA KALEKYE

Date: 27 August 2021

REG: PHDBAM/43202/2016

Dear Sir/Madam,

RE: ANALYSIS OF VALUE INNOVATION STRATEGIES ON PERFORMANCE OF COMMERCIAL BANKS IN KENYA

This is to inform you that **Mount Kenya University** has reviewed and approved your above research proposal. Your application approval number is **966**. The approval period is **27/08/2021 - 26/08/2022**.

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,

— The Chairman
Mount Kenya University
Ethics Review Committee
P. O. Box 342 - 0100, Thika

Dr. Peter G. Kirira
Chairman, Mount Kenya University IERC

Appendix XIII: NACOSTI Research Permit

 REPUBLIC OF KENYA	 NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION
Ref No: 164696	Date of Issue: 20/September/2021
RESEARCH LICENSE	
	
<p>This is to Certify that Ms. TERESIA KALEKYE MUTISYA of Mount Kenya University, has been licensed to conduct research in Nairobi on the topic: ANALYSIS OF VALUE INNOVATION STRATEGIES ON PERFORMANCE OF COMMERCIAL BANKS IN KENYA for the period ending : 20/September/2022.</p>	
License No: NACOSTI/P/21/I/2941	
164696 Applicant Identification Number	 Director General NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION
	Verification QR Code 
<p>NOTE: This is a computer generated License. To verify the authenticity of this document, Scan the QR Code using QR scanner application.</p>	