

**INFLUENCE OF DYNAMIC STRATEGIES ON ORGANIZATIONAL
PERFORMANCE OF TIER I COMMERCIAL BANKS IN KENYA**


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**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE
REQUIREMENT FOR THE AWARD OF MASTER OF BUSINESS
ADMINISTRATION DEGREE IN STRATEGIC MANAGEMENT OF
MOUNT KENYA UNIVERSITY**

APRIL 2025

DECLARATION AND APPROVAL

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

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ACKNOWLEDGEMENTS

As I wrote this research project, I became very indebted to several people whose contribution made my research study a success. I would wish to acknowledge the unprecedented assistance accorded to me by my supervisor. You have been very vital to me, ever guiding and supporting me well during my research study. Special thanks go to other lecturers of Mount Kenya University who have been dedicating their time and efforts to teach me.





ABSTRACT

Organizational performance, measured through profitability, operational efficiency, and market share, is a critical determinant of competitiveness and sustainability in Tier I commercial banks in Kenya. This study examines the influence of dynamic strategies adaptive, innovative, competitive, and operational on organizational performance, emphasizing their role in addressing the challenges of a dynamic and competitive banking environment. The purpose of the study is to assess the impact of these strategies on the performance of Tier I commercial banks, offering insights into how strategy implementation enhances organizational outcomes. Specifically, the study seeks to: determine the effect of adaptive strategies, evaluate innovative strategies, establish the influence of competitive strategies, and assess the role of operational strategies in driving organizational performance. The study holds significant value for bank management, policymakers, and researchers by providing actionable insights for improving strategy formulation and execution in Kenya's banking sector. It is grounded in the Contingency Theory, which emphasizes the alignment of strategies with environmental conditions, and the Dynamic Capabilities Theory, which highlights the importance of continuous adaptation and innovation in achieving sustainable performance. A descriptive research design is adopted, targeting managers and assistant managers from six Tier I commercial banks in Nairobi County, with a total population of 60 respondents. A census sampling approach is used to ensure comprehensive representation. Data was collected using a semi-structured questionnaire, pre-tested in a pilot study involving 5% of the population to ensure reliability and validity. Both descriptive and inferential statistics, including multiple regression analysis, was employed for data analysis. The findings was presented in tables, charts, and narrative summaries for clarity. The findings of this study revealed that strategic practices play a crucial role in influencing organizational performance. Specifically, competitive response and operational strategies emerged as the most significant contributors to positive performance outcomes. Competitive response strategies such as improving product quality, reducing operational costs, and enhancing customer value delivery were strongly associated with increased efficiency and profitability. Operational strategies, including staff competencies, market monitoring, and strategic resource utilization, also demonstrated a strong positive influence on performance. Adaptive strategies showed a negative but statistically significant impact, suggesting that while adaptability is essential, it must be well-structured and aligned with organizational goals to yield desired outcomes. Innovative strategies, on the other hand, were not statistically significant in influencing performance, indicating a potential gap in effective implementation or alignment with core business processes. The study concludes that for organizations to improve performance, there is a need to prioritize competitive and operational strategies while enhancing the effectiveness of adaptive and innovative approaches. This calls for increased investment in staff development, technological adoption, strategic planning, and process improvement. Recommendations include focusing on improving employee skills, aligning innovation with business goals, and ensuring responsive yet stable adaptation mechanisms. Future research is recommended in other sectors and geographic contexts, with the inclusion of qualitative methods and additional variables such as leadership style and organizational culture to gain deeper insights into strategic effectiveness.

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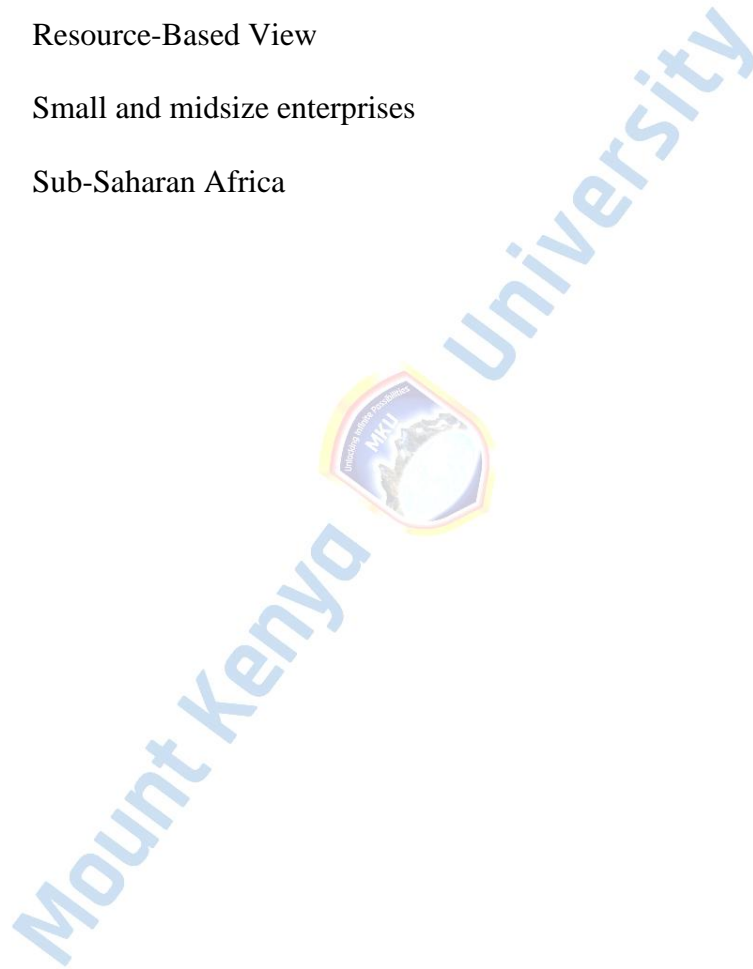
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LIST OF ABBREVIATIONS AND ACRONYMS

ROA	Return on assets
BSC	Balanced Scorecard
CBK	Central Bank of Kenya
MCK	Media Council of Kenya
MKU	Mount Kenya University
RBV	Resource-Based View
SMEs	Small and midsize enterprises
SSA	Sub-Saharan Africa



CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Commercial banks function within a volatile business environment influenced by numerous elements that affect their operations, strategy, and overall success. Commercial banks face intense competition not only from traditional financial institutions but also from emerging players like fintech companies (Hendayana, 2019). To remain competitive, banks are compelled to innovate by introducing new products, enhancing service offerings, and improving the overall customer journey. Changing consumer preferences and increasing expectations have further pushed the banking sector towards digital transformation, personalized services, and seamless customer interactions. These challenges have contributed to fluctuations in the performance of commercial banks. On a global scale, many have experienced declines or inconsistencies in operational effectiveness, customer loyalty, and staff motivation. According to Besley and Persson (2022), internal organizational factors significantly influence how well a corporation performs.

In the United States, dynamic strategies have profoundly shaped the performance of Tier I banks, especially in their adaptation to economic crises and technological shifts. The adoption of data-driven decision-making and technological innovation has been instrumental in enhancing operational efficiency and customer satisfaction. For example, JPMorgan Chase has leveraged artificial intelligence (AI) and machine learning to optimize risk management and personalize customer experiences, significantly boosting its profitability and market share (Smith & Johnson, 2020). These strategies highlight the critical role of innovation in enhancing organizational performance and responding to market volatility.

Similarly, in China, the adoption of dynamic strategies by Tier I banks such as the Industrial and Commercial Bank of China (ICBC) has reinforced their global competitiveness. With a focus on digital transformation and customer-centric innovations, ICBC has harnessed big data analytics and fintech partnerships to streamline operations and expand service delivery (Li & Wang, 2021). These efforts have not only improved customer engagement but also fortified the bank's financial performance amidst global economic uncertainties.

In South Africa, Tier I banks such as Standard Bank have embraced dynamic strategies to navigate economic and regulatory challenges. The bank's strategic focus on digital transformation, including the development of mobile banking platforms, has enhanced accessibility and customer convenience. These innovations have contributed to the bank's robust financial performance and competitiveness within Africa's rapidly evolving banking landscape (Moyo & Gumede, 2021). Such strategies underscore the importance of technological adaptability in driving organizational success in African markets.

In Nigeria, dynamic strategies have similarly played a critical role in the performance of Tier I banks like Zenith Bank. Through innovative approaches such as digital banking solutions and customer segmentation strategies, Zenith Bank has successfully expanded its market share and improved operational efficiency (Adegbite et al., 2020). These initiatives demonstrate how banks in Africa are leveraging dynamic strategies to overcome structural and market challenges while achieving sustainable growth.

In Kenya, Tier I banks have increasingly adopted dynamic strategies to remain competitive in a highly dynamic and competitive banking sector. For instance, Equity Bank has implemented digital transformation initiatives, including the development of mobile banking platforms and partnerships with fintech firms. These strategies have enhanced the bank's operational efficiency and broadened its customer base, contributing

significantly to its strong financial performance (Njoroge & Mwangi, 2022). Equity Bank's approach highlights the growing importance of innovation and adaptability in the Kenyan banking industry.

Similarly, Kenya Commercial Bank (KCB) has employed dynamic strategies to enhance organizational performance by investing in technology and expanding its regional presence. KCB's adoption of digital banking solutions and customer-centric approaches has improved service delivery, reduced operational costs, and bolstered its profitability (Kamau & Ochieng, 2022). These strategies underscore the critical role of dynamism in responding to Kenya's unique banking challenges, including intense competition and rapidly evolving customer expectations.

1.1.1 Organisational Performance

According to Jusufi (2023), an organization's performance reflects how effectively and efficiently it achieves its goals and objectives. It serves as a broad indicator encompassing multiple dimensions of business operations, including financial health, operational efficiency, strategic alignment, workforce satisfaction, and the capacity for innovation (Peter, Munga & Nzili, 2021). Key components that define corporate performance include financial outcomes, operational success, strategic implementation, customer satisfaction, employee engagement and productivity, adaptability to change, and commitment to social and environmental responsibilities.

Currently, nearly all banks function within unpredictable and dynamic competitive landscapes. Numerous drivers of change arise from variables such as heightened global competitiveness, decreased lead times and product life cycles, demand diversification, and emerging technologies (Kale, 2017). The attributes that provide an organization with stability also create resistance to change and diminish the likelihood of transformation. Organizations that prioritize adaptation as a core quality can endure and thrive in

dynamic environments. Organizational flexibility describes the capacity of a business to adjust its internal operations in response to shifts in its external environment. It is widely recognized as a critical factor that significantly contributes to a company's ability to remain competitive and sustain its presence in the marketplace (Kalogiannidis, Chatzitheodoridis, Giannarakis, & Mavrommati, 2022).

1.1.2 Dynamic Strategy

The Dynamic Strategy theory focuses on the formulation of plans by senior executives of thriving organizations to effectively respond to significant and abrupt changes, while also upholding the essential criteria required for competitive survival (Mufudza, 2018).

Industries that have long relied on specific production methods often face challenges in rapidly adopting new technologies. In these situations, managers are required to adapt their operational practices to make the most of existing assets while simultaneously preparing for transitions, as those assets may become less effective or obsolete over time. The approach emphasizes the importance of internal capabilities rather than solely focusing on external economic pressures (Basiouni, Hafizi, Akhtar, & Alojairi, 2019).

The examination of a company's dynamic strategy is grounded in Dynamic Capability Theory. The New Dynamic Capabilities framework highlights an organization's ability to effectively manage and integrate external knowledge and expertise, while strategically leveraging internal assets like digital platforms, institutional knowledge, user networks, and technologies across social, mobile, and digital channels (Teece, 2022). This approach draws from principles in digital, information, and network economics, recognizing how advancements in technology have lowered transaction costs in accessing and deploying specialized services.

Several researchers have contended that the dynamic capability theory is ambiguous and tautological, as stated by Wang (2017). This issue is of utmost importance, and although

the theory is highly beneficial in guiding responses to the evolving corporate environment, it may fall short in providing an accurate description of the exact process. In addition, Lawson and Samson (2021) propose that it is challenging to determine and put into practice the skills of the theory. Moreover, in certain instances, these very abilities can result in a core capability transforming into a core rigidity. Therefore, the application of the theory in its present condition is challenging without the ability to characterize, develop, and recognize those skills in greater detail. The primary theoretical studies provide abundant guidance on how to measure dynamic strategy when determining the essence of the dynamic capacity construct.

The literature on the relationship between dynamic strategy and performance has identified knowledge gaps. Research has discovered that a particular element of a dynamic strategy improves performance. Prior research has predominantly concentrated on qualitative investigations, which may explain the contradictory results due to their inherent limitations. The current body of literature has taken a limited approach to dynamic strategy implementation. Furthermore, there was a substantial disparity in connecting PGS and financial performance. There has been a lack of research on the relationship between dynamic strategy and financial success in Kenyan commercial banks. The relationship between dynamic strategy and profitability lacks sufficient investigation about imperative aspects. Prior research has mostly focused on limited facets of dynamic strategy and its influence on financial performance. Consequently, insufficient focus has been placed on the dynamic capacities and financial performance of commercial banks.

1.1.3 Commercial Bank in Kenya

In Kenya, commercial banks operate under the guidelines set out in the Banking Act (Cap 488), as well as regulations and prudential standards established by the Central Bank of

Kenya (CBK, 2013). These institutions provide services such as accepting deposits, processing withdrawals, and issuing loans for investment. As profit-driven organizations, commercial banks function with the primary aim of maximizing returns for their shareholders. Beyond basic banking operations, they are also involved in a wide array of financial services aligned with their commercial goals.

According to the CBK (2017), Kenya's banking sector is divided into three categories based on market share, asset size, and customer deposits. This classification helps evaluate and monitor the stability and impact of each institution within the economy.

Tier 1 banks represent the largest institutions in the sector, handling significant transaction volumes and holding substantial asset portfolios. These banks are considered systemically important, and any instability within them could have widespread economic repercussions. The six key players in this category—Co-operative Bank of Kenya, Kenya Commercial Bank (KCB), Equity Bank, ABSA, Commercial Bank of Africa (CBA), and Standard Chartered Bank—collectively control about 49.9% of the banking market.

Tier 2 institutions are medium-sized lenders, accounting for approximately 41.7% of the sector's market share. This group includes Family Bank, I&M Bank, NIC Bank, Diamond Trust Bank, Bank of Africa, Housing Finance, Ecobank, Prime Bank, Bank of Baroda, CFC Stanbic Bank, Citibank, Guaranty Trust Bank, National Bank, and Bank of India.

Tier 3 banks, which manage just 8.4% of the market, include smaller institutions such as Jamii Bora Bank, ABC Bank, Credit Bank, Paramount Universal, Development Bank, Fidelity Bank, Equatorial Business Bank, Giro Bank, Guardian Bank, Middle East Bank, Oriental Commercial Bank, Trans-National Bank, Victoria Bank, First Community Bank, Habib A.G Zurich Bank, Habib Bank, Gulf Africa Bank, Sidian Bank, UBA Bank, and Consolidated Bank.

In recent years, Tier 2 banks have demonstrated strong growth, with many reporting increased profits and customer deposits. Conversely, Tier 1 banks experienced a modest decline in client deposits and a notable reduction in their share of total industry assets. Tier 3 banks also faced deposit withdrawals, which significantly affected their profitability. The perception of heightened risk among these smaller institutions contributed to their underperformance.

To mitigate the threat of bank failures, the CBK continues to implement strict regulatory oversight. The collapse of a few banks has been primarily linked to poor governance and fraudulent activities, which has led to diminished public trust and reduced competitiveness within the market.

1.2 Statement of the Problem

The financial health of commercial banks in Kenya is a significant area of focus given their critical contribution to the country's economic development. With the increasing number of financial institutions and heightened competition for clientele, it becomes essential for banks to examine the factors that impact their financial outcomes. Understanding these influences allows institutions to recognize performance drivers and identify areas needing strategic improvement. While numerous studies have explored bank performance, much of the existing research is centered on developed countries. In contrast, there is limited empirical data concerning emerging markets like Kenya. According to Cytton Investments (2023), Kenya's banking sector has experienced sluggish growth and underwhelming financial performance.

Kenya's banking sector has exhibited subpar financial performance compared to industry forecasts. Within a span of less than a year, several banks have experienced bad performance, three banks have been placed under receivership, and others have been

bought, as stated by the Central Bank of Kenya in 2023. Commercial banks experienced a 4.4% increase in Earnings per Share (EPS) during the 2023 fiscal year. This growth rate is greater than the 2.8% rate in 2022 and the 5-year average of 13.9%. However, it is still below the predicted growth rate of 14.6% (NSE Reports, 2023). In addition, the banks' gross loans and advances, as well as deposits, had slower growth rates compared to the anticipated five-year average growth rate of 14.6%, despite the banking sector's efforts to revive the banks' financial performance. Available data indicates a decline in income generated from investments made by commercial banks. According to the Central Bank of Kenya's data (2023), the return on assets declined from 2.8% in June 2021 to 2.6% in September 2022. Furthermore, the return on equity declined from 20.6% in September 2022 to 22.3% in June 2021.

The literature on the relationship between dynamic strategy and performance has identified knowledge gaps. Prior research has primarily concentrated on qualitative investigations, which may explain the contradictory results due to their inherent limitations. The current body of literature has taken a limited approach to dynamic strategy implementation. Furthermore, there was a notable disparity in connecting PGS and financial performance. There has been a lack of research on the relationship between dynamic strategy and financial success in Kenyan commercial banks. The relationship between dynamic strategy and profitability lacks sufficient investigation about imperative aspects. The majority of prior research has only examined a limited number of facets pertaining to dynamic strategy and its influence on financial performance. Consequently, insufficient focus has been placed on the dynamic capacities and financial performance of commercial banks. Therefore, the Research proposal investigated the influence of dynamic strategy on organisational performance of tier I Commercial Banks in Kenya.

1.3 Purpose of the Study

The purpose of this study was to assess the influence of dynamic strategy on organisational performance of tier I Commercial Banks in Kenya.

1.4. Research Objectives

The study aimed to achieve the following objectives;

- i. To determine the effect of adaptive strategy on organisational performance of tier I Commercial Banks in Kenya.
- ii. To establish the effect of innovative strategy on organisational performance of tier I Commercial Banks in Kenya.
- iii. To establish the effect of competitive strategy on organisational performance of tier I Commercial Banks in Kenya.
- iv. To establish the effect of operational strategy on organisational performance of tier I Commercial Banks in Kenya.

1.5 Research Questions

To meet the objectives above the study, the researcher aimed to answer the following research questions.

- i. What is the effect of adaptive strategy on organisational performance of tier I Commercial Banks in Kenya?
- ii. What is the effect of innovative strategy on organisational performance of tier I Commercial Banks in Kenya?
- iii. What is the effect of competitive strategy on organisational performance of tier I Commercial Banks in Kenya?

- iv. What is the effect of operational strategy on organisational performance of tier I Commercial Banks in Kenya?

1.6 Significance of the Study

The findings of this study on the influence of dynamic strategy on the organizational performance of Tier I commercial banks in Kenya provided significant benefits to various stakeholders, including management, policymakers, scholars, and the banking industry at large. These contributions helped address existing gaps, improve decision-making, and provide a foundation for further research and practical application in the sector.

The study's findings enabled the management and board of directors of Tier I commercial banks to pinpoint areas of operational and strategic weaknesses that require improvement. By understanding the impact of dynamic strategies on organizational performance, bank leaders can make informed and logical strategic decisions to optimize resources, enhance service delivery, and maximize investment value. This understanding further empowers boards to align their strategic objectives with market demands and regulatory requirements, ensuring sustained competitiveness and financial stability. Consequently, the research provides a valuable tool for leaders to steer their institutions toward achieving long-term profitability and resilience in an ever-changing financial landscape.

This study might add to the existing body of knowledge on dynamic strategies and their impact on organizational performance, particularly within the context of commercial banks. While extensive research exists on strategy and performance in developed economies, there is a growing need for context-specific insights into emerging economies like Kenya. By exploring the unique challenges and opportunities faced by Kenyan Tier

I banks, this research may offer fresh perspectives that bridge the knowledge gap between global theories and local realities. The findings thus serve as a reference point for researchers and academics seeking to understand the dynamic interplay between strategy and performance in the banking sector.

Scholars and researchers benefit from this study by gaining a deeper understanding of the correlation between bank activities, operational mechanisms, and management efficiency in Kenya's banking industry. The research provided empirical evidence on how dynamic strategies influence various aspects of bank performance, including profitability, customer satisfaction, and operational efficiency. Additionally, it introduced and clarified key terminologies and concepts relevant to dynamic strategy implementation, enabling scholars to develop new models and frameworks for evaluating organizational performance. By addressing these dimensions, the study offers a foundation for future research in the fields of strategic management and banking.

Policymakers and regulators in Kenya's financial sector might find the study valuable for designing and implementing policies that foster innovation and competitiveness in the banking industry. By highlighting the critical role of dynamic strategies, the research provided insights into the systemic factors that influence bank performance, such as regulatory compliance, technological adaptation, and market responsiveness. This understanding may enable policymakers to create a supportive environment that encourages strategic innovation while maintaining financial stability and consumer protection.

1.7 Scope of the Study

The study examines the influence of dynamic strategy on the organizational performance of Tier I commercial banks in Kenya, specifically targeting Co-operative Bank of Kenya,

Kenya Commercial Bank (KCB), Equity Bank, ABSA, Commercial Bank of Africa (CBA), and Standard Chartered Bank. The research focused on the banks' headquarters in Nairobi County, involving middle-level management as respondents. It analyzed the effect of adaptive, innovative, competitive, and operational strategies on organizational performance. Employing a descriptive research design, the study gathered data using structured questionnaires to explore these relationships comprehensively. The research is scheduled to be conducted between July 2024 and July 2025.

1.8 Limitations of the Study

The study anticipated that voluntary participation might have limited the diversity of opinions captured, as individuals who opted not to participate could have held distinct views. To mitigate this, random sampling was employed to ensure equal representation and to enhance the likelihood of capturing varied perspectives from the target population. Another limitation involved the potential for social desirability bias, where respondents might have provided answers they perceived as favorable rather than truthful. To address this, participants were assured of anonymity and confidentiality and were instructed not to include any identifying information, thereby reducing the pressure to conform and enhancing the honesty of responses.

Finally, the reliance on self-reported data through questionnaires introduced the possibility of inaccuracies due to respondents' interpretations or memory lapses. This was mitigated by designing clear, concise questions and conducting a pilot study to refine the questionnaire, ensuring the data collected was as accurate and reliable as possible.

1.9 Delimitations of the Study

The study was delimited to Tier I commercial banks in Kenya, specifically focusing on Co-operative Bank of Kenya, Kenya Commercial Bank (KCB), Equity Bank, ABSA, Commercial Bank of Africa (CBA), and Standard Chartered Bank. The research targeted middle-level managers based at the banks' headquarters in Nairobi County, where all Tier I banks had centralized operations, making the population accessible for data collection. The study concentrated on four dimensions of dynamic strategy: adaptive, innovative, competitive, and operational strategies, as these were directly linked to organizational performance. The findings were based on data collected using structured questionnaires, allowing for a comprehensive exploration of these variables within the specified scope. While the focus was on Tier I banks, the results might not be generalizable to lower-tier banks or other financial institutions.

1.10 Assumptions of the Study

The study operated on the assumption that all respondents provided honest, accurate, and unbiased responses to the questions posed in the structured questionnaires. It was also assumed that the selected respondents from Tier I commercial banks possessed the relevant knowledge and experience to provide insights into the influence of dynamic strategies on organizational performance. Additionally, the study assumed that the data collection instruments were valid and reliable, effectively capturing the variables under investigation. Finally, it was assumed that the contextual factors affecting Tier I commercial banks in Nairobi County during the study period remained stable, ensuring the findings reflected the actual dynamics within this environment.

1.11 Operational Definition of Terms

The following terms was operationalized as below:

Adaptive Strategy: An adaptive strategy involves continuously integrating new insights and experiences to refine and enhance strategic approaches.

Competitive Strategy: It refers to the process of gaining a strategic edge in the market and generating superior returns for stakeholders.

Dynamic Strategy: A dynamic business strategy allows an organization to quickly respond to evolving conditions, helping it reduce potential risks and capitalize on emerging opportunities.

Innovative Strategy: An innovative strategy outlines how a business allocates its resources to achieve innovation goals, create value, and strengthen its competitive position.

Operations Strategy: It describes the framework an organization adopts to accomplish its long-term objectives and fulfill its mission.

Organizational Performance: It indicates the extent to which an organization is successfully progressing toward its vision, mission, and objectives.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter gives a broad overview of the status of the research in the area of study while combining and condensing the most important conclusions and concepts from a variety of sources.

2.2 Empirical Literature

The empirical reviews were done in a such a way that it brought in the relationship between adaptive strategy, innovative strategy, competitive response strategy and organisational performance.

2.2.1 Adaptive Strategy and Organisational Performance

Adaptive strategy has become a cornerstone for sustaining organizational performance in rapidly changing global environments. In the United States, companies like Amazon have leveraged adaptive strategies to remain at the forefront of their industries. During the COVID-19 pandemic, Amazon adjusted its supply chain operations and delivery models to meet the surge in online shopping demands. The company's ability to swiftly pivot its operations was a critical factor in maintaining service quality and customer satisfaction during a period of global disruption. A study by Davenport and Redman (2021) highlighted that these strategic adaptations led to a notable increase in profitability, as Amazon's revenue grew significantly compared to pre-pandemic levels. Furthermore, the company's emphasis on flexible logistics and strategic partnerships with third-party delivery services enabled it to maintain operational efficiency. These findings demonstrate the role of adaptive strategies in sustaining business continuity and

growth during periods of uncertainty, showcasing the value of organizational agility in responding to market disruptions.

In Germany, adaptive strategies have also proven vital, particularly in the manufacturing sector, where competition and technological advancements are constant. Siemens, a global leader in industrial automation, has successfully implemented adaptive strategies to maintain competitiveness. Schneider and Becker (2020) conducted a study that revealed how Siemens' digital transformation efforts, such as incorporating real-time analytics into production processes, allowed the company to respond quickly to customer needs and market changes. The study also found that these adjustments improved operational efficiency and reduced production costs, further strengthening Siemens' market position. By aligning their strategies with technological trends and customer expectations, Siemens exemplifies how adaptive strategies can enhance both operational and financial performance in a competitive global marketplace.

Similarly, in Japan, adaptive strategies are critical in the highly dynamic technology sector. Sony Corporation has consistently utilized adaptive strategies by investing heavily in research and development to anticipate market trends. This strategic flexibility has enabled the company to introduce innovative products, keeping it relevant in a competitive global market. Tanaka and Ito (2022) noted that these strategies were instrumental in boosting Sony's revenue and market share over the past decade. For instance, Sony's ability to shift focus from traditional electronics to high-growth areas like gaming and entertainment has been a key driver of its success. The findings underline the importance of aligning adaptive strategies with long-term organizational goals to sustain performance and competitive advantage.

In South Africa, the implementation of adaptive strategies has been pivotal in the banking sector, especially during periods of economic turbulence. Standard Bank, one of Africa's

largest financial institutions, has adopted adaptive strategies to maintain market competitiveness. Moyo and Gumede (2021) examined the bank's digital transformation initiatives, such as mobile banking and personalized financial products, which were tailored to meet diverse customer needs. These measures not only improved customer retention but also enhanced profitability, even during economic downturns. The study also revealed that the bank's ability to reallocate resources to high-demand areas and its focus on technological innovation played a significant role in achieving operational efficiency. This demonstrates how adaptive strategies can serve as a buffer against external shocks, ensuring sustained organizational performance in challenging environments.

In Nigeria, adaptive strategies have been instrumental in driving performance within the telecommunications sector. MTN Nigeria, for instance, has continuously revised its strategic approaches to align with regulatory requirements and address market demands. Adegbite et al. (2020) highlighted how MTN's investment in mobile financial services significantly increased its customer base and market share. The study revealed that the company's adaptive strategy, which included diversifying its service portfolio and leveraging technology to enhance service delivery, contributed to improved customer satisfaction and profitability. These findings underscore the importance of strategic responsiveness in leveraging market opportunities, particularly in industries with rapidly evolving customer needs.

In Ethiopia, adaptive strategies have also played a crucial role in the aviation industry. Ethiopian Airlines has demonstrated remarkable resilience by adapting its operations to meet changing market conditions. During the COVID-19 pandemic, the airline shifted its focus to cargo services to offset the decline in passenger revenue. A study by Tekle and Mulugeta (2021) found that this strategic adjustment not only minimized losses but

also maintained the airline's operational stability. The study further highlighted that Ethiopian Airlines' ability to quickly identify and capitalize on new opportunities was key to sustaining its performance during a global crisis. This case illustrates how adaptive strategies can provide a pathway to organizational resilience and profitability in uncertain times.

In Kenya, adaptive strategies have been vital in ensuring the performance of Tier I commercial banks amidst a dynamic financial landscape. Equity Bank, for example, has utilized adaptive strategies to enhance its digital banking platforms, particularly during the COVID-19 pandemic. This enabled the bank to provide uninterrupted services to its customers, even as physical branches faced operational restrictions. Njoroge and Mwangi (2022) found that these strategies led to increased customer satisfaction and a significant growth in market share. The study highlighted that Equity Bank's investment in technological innovation and customer-centric services was critical to maintaining its competitive edge. This demonstrates the role of adaptive strategies in addressing both immediate challenges and long-term organizational objectives.

Kenya Commercial Bank (KCB) has also embraced adaptive strategies to sustain its performance in the competitive banking sector. Kamau and Ochieng (2022) conducted a study that revealed KCB's continuous efforts to review its operational models and invest in digital transformation. The study found that these strategies improved efficiency, reduced operational costs, and supported regional expansion. KCB's ability to align its strategies with market demands and emerging opportunities contributed to its sustained financial growth and market leadership. These findings emphasize the importance of strategic flexibility in achieving organizational resilience and success.

Additionally, Co-operative Bank of Kenya has adopted adaptive strategies to enhance its customer reach and operational efficiency. Mutuku and Wanjiku (2023) noted that the

bank's integration of mobile and agency banking services significantly improved accessibility, particularly for rural customers. This strategic adaptation not only increased customer acquisition and retention but also boosted overall profitability. The study further highlighted that Co-operative Bank's focus on innovation and customer satisfaction was instrumental in maintaining its competitive position. These findings reaffirm the critical role of adaptive strategies in driving organizational performance in Kenya's banking sector.

2.2.2 Innovative Strategy and Organisational Performance

Globally, innovative strategies have been instrumental in improving organizational performance, particularly in dynamic and highly competitive industries. In the United States, Apple Inc. serves as a prime example of how innovative strategies can lead to sustained competitive advantage. Apple consistently invests in research and development to introduce cutting-edge products that redefine consumer expectations. According to Johnson and Anderson (2022), the launch of the iPhone 13 showcased Apple's ability to integrate advanced technologies such as machine learning and augmented reality, driving sales and enhancing its market share. The study revealed that Apple's innovative strategies not only improved product differentiation but also significantly boosted customer loyalty, underscoring the importance of innovation in achieving organizational success.

In South Korea, Samsung Electronics has utilized innovative strategies to dominate the global technology market. The company's emphasis on open innovation, which includes collaboration with universities, startups, and research institutions, has been a critical driver of its success. Lee and Kim (2021) found that Samsung's approach to co-developing new technologies such as foldable displays and 5G solutions resulted in

higher revenue and expanded market share. The study further highlighted that Samsung's investment in innovation-enabled product diversification enhanced customer satisfaction and operational efficiency. These findings emphasize the importance of leveraging external partnerships to foster innovation and improve organizational performance.

Germany's automobile industry has also benefited immensely from innovative strategies. BMW, a leader in the luxury car segment, has adopted technological innovation as a core part of its strategy. By incorporating artificial intelligence (AI) and autonomous driving technologies into its vehicles, BMW has enhanced its competitive position globally. A study by Müller and Schmidt (2020) showed that these innovations improved the company's operational efficiency and brand value. The findings illustrate how investing in innovation not only meets consumer demands but also drives long-term growth and profitability.

In Africa, innovative strategies have enabled organizations to overcome structural challenges and compete effectively in global markets. In South Africa, First National Bank (FNB) has been at the forefront of innovation in the financial sector. The bank's adoption of mobile and digital banking platforms has transformed customer service delivery. According to Moyo and Gumede (2021), these innovations significantly enhanced operational efficiency and customer satisfaction, leading to increased market share. The study also noted that FNB's investment in financial technology (FinTech) solutions enabled it to streamline processes, reduce costs, and improve profitability. This highlights the potential of innovative strategies in enhancing organizational performance in developing economies.

In Nigeria, the telecommunication industry has leveraged innovative strategies to drive growth and customer engagement. For example, Airtel Nigeria introduced mobile financial services, allowing unbanked populations to access essential financial products.

Adegbite et al. (2020) found that these innovations not only increased customer retention but also expanded Airtel's revenue streams. The study emphasized that Airtel's focus on innovation helped it maintain a competitive edge in a rapidly evolving industry. This demonstrates how innovative strategies can address market gaps and enhance organizational performance in Africa's competitive sectors.

In Ethiopia, the agricultural sector has adopted innovative strategies to improve productivity and sustainability. Ethiopian Agricultural Transformation Agency (ATA) implemented digital platforms to provide farmers with real-time information on weather patterns and market prices. Tekle and Mulugeta (2021) found that these digital innovations significantly improved agricultural output and enhanced the agency's operational efficiency. The study further highlighted that ATA's innovative approaches fostered stronger partnerships with stakeholders, resulting in long-term performance improvements. These findings underscore the importance of leveraging technology and collaboration to drive innovation and achieve organizational goals.

In Kenya, innovative strategies have been pivotal in enhancing organizational performance, particularly in the banking sector. Equity Bank has invested heavily in digital innovations, including mobile banking applications and data analytics, to improve customer service. Njoroge and Mwangi (2022) found that these innovations increased customer satisfaction, reduced operational costs, and expanded the bank's market share. The study also revealed that Equity Bank's adoption of technology-enabled decision-making improved its operational efficiency and profitability, highlighting the critical role of innovation in achieving a competitive advantage.

Kenya Commercial Bank (KCB) has also embraced innovative strategies to sustain its market leadership. The bank introduced KCB M-Pesa, a mobile banking platform that provides customers with access to microloans and other financial services. Kamau and

Ochieng (2022) observed that this innovation significantly increased KCB's customer base, particularly in underserved rural areas. The study emphasized that KCB's focus on customer-centric innovations not only improved accessibility but also enhanced revenue generation, showcasing the transformative impact of innovative strategies on organizational performance.

Co-operative Bank of Kenya has similarly implemented innovative strategies to improve service delivery and operational efficiency. The bank's integration of digital payment solutions, such as agency banking and mobile payment platforms, has enhanced customer convenience. Mutuku and Wanjiku (2023) found that these innovations led to increased customer retention and improved profitability. The study further highlighted that Co-operative Bank's ability to adapt its services to changing customer needs was a key factor in maintaining its competitive position. These findings reaffirm the importance of innovation in driving organizational performance in Kenya's banking industry.

2.2.3 Competitive Response Strategy and Organisational Performance

Competitive strategies are a cornerstone of organizational performance globally, with companies leveraging differentiation, cost leadership, and focus strategies to achieve market dominance. In China, Huawei has demonstrated the power of competitive strategy by emphasizing differentiation through innovation. The company's investment in research and development has resulted in cutting-edge products, such as 5G technology, that distinguish it from competitors. According to Li and Zhang (2021), Huawei's competitive strategy has significantly increased its market share in global telecommunications, despite geopolitical challenges. The study further highlighted that Huawei's ability to combine cost efficiency with product uniqueness has enabled it to remain resilient and profitable in highly competitive markets.

In Canada, Bombardier, a leader in the transportation and aerospace sectors, has employed a focus strategy to target niche markets effectively. The company specializes in the development of regional aircraft and high-speed trains, distinguishing itself from competitors who prioritize large-scale manufacturing. A study by Patterson and Murray (2022) revealed that Bombardier's focus on niche segments has resulted in enhanced customer loyalty and increased revenue streams. The findings emphasize that focusing on specific market needs can lead to superior performance by fostering a strong brand identity and customer-centric innovation.

The United Kingdom provides another example of competitive strategy in action, particularly in the retail sector. Tesco has successfully implemented a cost leadership strategy by streamlining its supply chain and adopting efficient pricing models. Jones and Harris (2020) noted that Tesco's ability to offer affordable products without compromising quality has helped it maintain a competitive edge in the saturated retail market. The study highlighted that Tesco's focus on operational efficiency and strategic pricing contributed to increased customer satisfaction and financial performance, demonstrating the impact of cost leadership on organizational success.

In Egypt, competitive strategies have played a critical role in the banking sector, where institutions face intense competition. The National Bank of Egypt (NBE) has employed differentiation strategies by introducing innovative digital banking services tailored to diverse customer needs. According to Ahmed and El-Sayed (2021), these strategies have significantly improved customer retention and boosted the bank's profitability. The study revealed that NBE's competitive approach enabled it to outperform competitors by aligning its services with emerging technological trends and customer preferences.

In Ghana, the telecommunications industry illustrates the importance of competitive strategies in achieving organizational performance. Vodafone Ghana has focused on cost

leadership by offering affordable data packages to attract price-sensitive customers. A study by Mensah and Ofori (2022) found that this approach not only increased Vodafone's market share but also enhanced customer loyalty. The findings demonstrated that cost leadership, when combined with high-quality service delivery, can effectively position an organization as a market leader in competitive industries.

In Rwanda, the tourism sector has leveraged competitive strategies to boost organizational performance. The Rwanda Development Board (RDB) has adopted a differentiation strategy by marketing the country as a premier destination for eco-tourism and sustainable travel. Kamali and Nyirinkindi (2021) found that these efforts significantly increased international tourist arrivals and generated substantial revenue for the sector. The study emphasized that differentiation strategies focusing on unique value propositions, such as conservation and community engagement, can drive performance in highly competitive markets.

In Kenya, competitive strategies have been critical in driving the performance of Tier I commercial banks. Equity Bank has employed differentiation strategies by offering tailored financial products, such as microloans and mobile banking services, to meet the diverse needs of its customer base. Njoroge and Mwangi (2022) found that these strategies significantly improved customer satisfaction and loyalty, leading to increased profitability. The study highlighted that Equity Bank's ability to innovate and adapt to changing market demands has been a key driver of its competitive advantage.

Kenya Commercial Bank (KCB) has implemented a cost leadership strategy to maintain its market position. By leveraging economies of scale and streamlining operations, KCB has been able to offer competitive interest rates and low-cost financial services. Kamau and Ochieng (2022) observed that these strategies enhanced the bank's customer acquisition efforts and improved its financial performance. The findings underscore the

importance of cost efficiency in achieving organizational sustainability and competitiveness.

Co-operative Bank of Kenya has focused on a hybrid strategy that combines differentiation and focus. The bank has successfully targeted small and medium enterprises (SMEs) by offering specialized financial solutions, such as affordable credit and capacity-building programs. Mutuku and Wanjiku (2023) found that these strategies not only strengthened the bank's relationship with its core customer segments but also contributed to increased revenue. The study further emphasized that blending multiple competitive strategies can yield superior performance by addressing diverse market needs effectively.

2.2.4 Operational Strategies and Organisational Performance

In Australia, competitive strategies have been pivotal in the retail sector. Woolworths, a leading supermarket chain, has adopted a differentiation strategy by emphasizing high-quality private-label products and advanced customer loyalty programs. According to Johnson and Brown (2022), Woolworths' strategic focus on providing premium products at competitive prices has improved customer satisfaction and increased market share. The study further revealed that the integration of technology, such as data-driven customer analytics, has enabled the company to better understand customer preferences, enhancing its competitiveness. Woolworths' success underscores the importance of aligning differentiation strategies with consumer needs to drive organizational performance.

In France, the luxury goods industry has leveraged competitive strategies to maintain global dominance. LVMH, a leader in luxury fashion and accessories, employs a differentiation strategy by offering exclusive, high-quality products that appeal to

affluent customers. A study by Dupont and Charlet (2021) highlighted that LVMH's strategic investments in brand equity, innovation, and global market penetration have significantly enhanced its financial performance. The findings emphasize that differentiation strategies focusing on unique product offerings and brand prestige are essential for maintaining a competitive edge in luxury markets.

In Brazil, the energy sector demonstrates the impact of competitive strategies on organizational performance. Petrobras, a state-controlled oil company, has employed a cost leadership strategy to remain competitive in a volatile global market. By optimizing production processes and reducing operational costs, Petrobras has managed to sustain profitability despite fluctuating oil prices. Lima and Sousa (2020) found that these cost-saving measures significantly improved the company's financial stability and market position. This case illustrates the critical role of cost leadership in maintaining competitiveness in industries characterized by price sensitivity and external volatility.

In Morocco, competitive strategies have been transformative in the telecommunications industry. Maroc Telecom has adopted a hybrid strategy that combines cost leadership and differentiation. By offering affordable data plans alongside high-quality network services, the company has captured a significant share of the market. A study by El Aouni and Benhaddi (2022) revealed that Maroc Telecom's investments in infrastructure and customer service innovation have enhanced operational efficiency and customer satisfaction. The findings demonstrate the value of blending multiple competitive strategies to address diverse market demands effectively.

In Tanzania, the banking sector provides insights into the role of competitive strategies in driving organizational performance. CRDB Bank has implemented a differentiation strategy by tailoring financial products to meet the needs of underserved populations, such as rural communities. According to Nyoni and Mushi (2021), CRDB's focus on

financial inclusion and digital banking solutions has increased its customer base and profitability. The study highlighted that differentiation strategies targeting niche markets can enhance both organizational performance and societal impact, particularly in emerging economies.

In Algeria, the pharmaceutical industry showcases the importance of competitive strategies. Sidal Group, a leading pharmaceutical company, has employed cost leadership to produce affordable generic drugs for the domestic market. A study by Benslimane and Merzoug (2021) found that Sidal's strategic focus on cost efficiency and local production capabilities has improved its market share and profitability. The findings highlight the potential of cost leadership to address local market needs and achieve organizational growth in highly competitive sectors.

In Kenya, competitive strategies have been crucial in shaping the performance of Tier I commercial banks. Standard Chartered Bank Kenya has adopted a differentiation strategy by offering personalized wealth management services to high-net-worth clients. Njoroge and Mwangi (2022) found that these services, coupled with advanced digital platforms, have enhanced customer loyalty and increased the bank's revenue. The study emphasizes that differentiation through tailored services and technological innovation can drive performance in competitive banking environments.

Equity Bank Kenya has successfully implemented a hybrid strategy that blends cost leadership and differentiation. By offering affordable financial services while investing in mobile banking innovations, the bank has expanded its customer base. Kamau and Ochieng (2022) observed that these strategies significantly boosted the bank's profitability and market share. The findings highlight the importance of hybrid strategies in addressing diverse customer needs and achieving organizational resilience in dynamic markets.

Kenya Commercial Bank (KCB) has focused on cost leadership by streamlining operations and leveraging economies of scale to offer competitive interest rates. Mutuku and Wanjiku (2023) found that these measures improved KCB's operational efficiency and customer acquisition efforts, contributing to sustained financial growth. The study underscores the critical role of cost leadership in maintaining competitiveness and enhancing performance in Kenya's banking sector.

2.3 Theoretical Literature

According to Fink and Arlene (2014), a theoretical literature review involves a structured assessment of academic texts, journal articles, and other scholarly materials that explore a particular research topic. Its purpose is to critically analyze, summarize, and evaluate existing literature relevant to the subject under investigation. This study is anchored on two foundational theories: Contingency Theory and Dynamic Capabilities Theory. Contingency Theory suggests that managerial approaches should be tailored to fit the unique conditions and environment in which an organization operates, as there is no universal solution applicable to all situations. On the other hand, Dynamic Capabilities Theory highlights an organization's capacity to adjust, align, and reshape its resources and skills in response to ongoing environmental changes. These theoretical perspectives together offer a comprehensive lens through which to explore the impact of competitive strategies on organizational effectiveness in rapidly evolving and complex settings.

2.3.1 The Contingency Theory

Contingency Theory, first introduced by Fred Fiedler in the 1960s and subsequently expanded, proposes that there is no single optimal approach to organizational management. Rather, the success of management strategies is influenced by how well they align with both the internal characteristics of the organization and the external

conditions it faces (Fiedler, 1964). According to this theory, optimal organizational performance can only be achieved when strategies are tailored to align with specific situational factors, such as market conditions, technological advancements, organizational size, and leadership structure. Over time, researchers have expanded the scope of Contingency Theory to encompass strategic management, emphasizing the need for flexibility and adaptability in decision-making processes (Donaldson, 2020). This theory is highly relevant for modern organizations, particularly those operating in competitive and dynamic environments, as it underscores the importance of aligning strategic initiatives with contextual factors.

Contingency Theory posits that external and internal contingencies, such as market trends, regulatory policies, and resource availability, must guide organizational strategies to achieve optimal performance. Organizations operating in uncertain environments, such as Tier I commercial banks in Kenya, must adopt adaptive strategies to navigate market complexities effectively. For example, changing customer preferences and technological advancements require organizations to continuously reassess and adjust their strategic approaches. Donaldson (2020) argues that Contingency Theory provides a structured framework for evaluating the interplay between environmental uncertainties and strategic decision-making, making it a valuable tool for understanding organizational success in dynamic sectors.

This theory is rooted in the broader systems theory, which views organizations as open systems interacting with their external environment. It emphasizes that environmental uncertainties create both opportunities and challenges, necessitating a flexible and responsive management approach. Contingency Theory integrates key elements such as strategic fit, environmental scanning, and resource allocation to enhance organizational adaptability. According to Mintzberg et al. (2021), organizations that align their

strategies with prevailing contingencies are more likely to achieve superior performance, as they can effectively respond to environmental pressures and capitalize on emerging opportunities.

Contingency Theory's emphasis on alignment is particularly relevant in examining the relationship between adaptive strategies and organizational performance. For instance, in highly competitive sectors like banking, where customer expectations and market dynamics are constantly evolving, adopting a one-size-fits-all strategy can be detrimental. Instead, organizations must embrace situationally appropriate strategies to remain competitive. This aligns with recent findings by Turner and Baker (2022), who highlighted that contingency-aligned strategies enhance operational efficiency, customer satisfaction, and overall performance. By focusing on strategic fit and adaptability, Contingency Theory provides a comprehensive framework for assessing how organizations navigate dynamic and uncertain environments.

In the context of this study, Contingency Theory underscores the importance of adaptive strategies in achieving organizational performance. Adaptive strategies, such as aligning services with customer needs, integrating technology, and responding to regulatory changes, are critical for Tier I commercial banks in Kenya. The Kenyan banking sector operates in a dynamic environment characterized by rapid technological advancements, evolving customer preferences, and regulatory reforms. These contingencies necessitate a flexible and responsive approach to strategy formulation and implementation. For example, the shift toward digital banking platforms in Kenya illustrates the need for banks to adapt their strategies to remain competitive and meet customer demands (Njoroge & Mwangi, 2022).

The theory also highlights the role of leadership in shaping adaptive strategies. Leaders within Tier I commercial banks play a critical role in scanning the environment,

identifying contingencies, and formulating strategies that align with organizational goals. According to Mintzberg et al. (2021), effective leadership is central to achieving strategic alignment, as it ensures that organizational resources are allocated to initiatives that address the most pressing contingencies. In the Kenyan context, this could involve investing in digital infrastructure, developing customer-centric products, and enhancing operational efficiency to improve performance.

Furthermore, Contingency Theory emphasizes the need for organizations to continuously monitor and adapt to changes in their external environment. This aligns with the study's objective of determining the effect of adaptive strategies on organizational performance. Adaptive strategies are inherently dynamic and require organizations to be proactive in identifying and responding to external challenges and opportunities. As highlighted by Turner and Baker (2022), organizations that effectively implement adaptive strategies can achieve sustainable competitive advantages, even in volatile markets. This is particularly relevant for Tier I commercial banks in Kenya, which must navigate a complex and competitive banking landscape.

Linking the theory to the first objective, Contingency Theory provides a foundation for understanding how adaptive strategies influence organizational performance. The theory suggests that organizations achieve optimal performance by aligning their strategies with prevailing contingencies, such as customer expectations, market conditions, and technological trends. For Tier I commercial banks in Kenya, adaptive strategies involve leveraging digital technologies, enhancing customer experiences, and aligning products with market needs. These strategies enable banks to respond effectively to environmental uncertainties and maintain their competitive position. By applying Contingency Theory, this study evaluated how adaptive strategies contribute to the performance of Tier I

commercial banks, providing valuable insights for strategic decision-making in dynamic environments.

Overall, Contingency Theory is a robust framework for examining the relationship between adaptive strategies and organizational performance in the Kenyan banking sector. Its emphasis on strategic alignment, flexibility, and responsiveness provides valuable insights into how organizations can navigate dynamic environments and achieve superior performance. By linking the theory to the study's first objective, this research contribute to a deeper understanding of how adaptive strategies influence organizational performance, offering practical recommendations for Tier I commercial banks in Kenya. Through this theoretical lens, the study seeks to explore the critical role of adaptability in enhancing competitiveness and achieving organizational success in a dynamic and uncertain market.

2.3.2 Dynamic Capabilities Theory

Developed in the 1990s by Teece, Pisano, and Shuen, the Dynamic Capabilities Theory has become a key framework for explaining how organizations maintain a competitive edge in fast-paced and unpredictable environments. The theory emphasizes that a company's long-term success relies on its capacity to adapt by integrating, developing, and reorganizing both internal and external resources (Teece, 1997). Central to this theory are three essential capabilities: recognizing emerging opportunities and potential risks, effectively capitalizing on those opportunities, and reshaping organizational structures to stay aligned with market demands (Teece, 2018). Unlike traditional resource-based approaches that rely on static assets, the dynamic capabilities perspective highlights the importance of ongoing resource renewal and strategic flexibility. This continual adaptation allows firms to thrive in competitive and constantly evolving

industries. Over time, the theory has been refined and applied across multiple sectors, underscoring its broad relevance in the field of strategic management.

Dynamic capabilities are especially important in sectors where technology evolves quickly and customer needs frequently change. As noted by Teece (2018), companies that possess well-developed dynamic capabilities are better equipped to recognize new trends and adjust their strategic direction, which supports long-term success. The theory integrates aspects of organizational learning, resource-based perspectives, and evolutionary economics, providing a holistic approach to understanding strategic adaptability. Helfat and Raubitschek (2018) emphasize that dynamic capabilities are not inherent but are developed over time through organizational processes, leadership decisions, and investment in innovation. These capabilities enable firms to navigate uncertainties and leverage opportunities that arise from technological disruptions, regulatory changes, or market fluctuations. By fostering a culture of continuous learning and strategic flexibility, organizations can effectively address challenges and exploit opportunities in their environment.

A critical aspect of the Dynamic Capabilities Theory is its emphasis on sensing and seizing opportunities, which requires organizations to engage in robust environmental scanning and strategic foresight. According to Barreto (2022), firms with well-developed sensing capabilities can detect subtle market signals, such as changing consumer behaviors or emerging technologies, and translate these signals into actionable strategies. This ability to anticipate and respond to market trends is vital in maintaining competitive advantage. Additionally, the theory emphasizes the importance of seizing opportunities by aligning organizational resources with strategic objectives. This involves reallocating resources, fostering innovation, and building organizational agility to capitalize on

identified opportunities. Firms that fail to develop these capabilities risk falling behind their competitors, particularly in dynamic and competitive markets.

The transformation component of the theory is equally significant, as it highlights the need for organizations to continuously reconfigure their internal structures to remain competitive. This includes developing new business models, enhancing operational efficiency, and fostering innovation. According to Winter and Zollo (2020), transformation capabilities are critical in enabling firms to adapt to changing market conditions and maintain alignment with their strategic goals. These capabilities often require a cultural shift within the organization, as well as investments in technology, employee training, and leadership development. Dynamic capabilities are thus both a strategic and operational imperative, ensuring that firms can adapt to external changes while maintaining internal coherence and focus.

Dynamic Capabilities Theory is particularly relevant for understanding the role of innovation in achieving organizational performance. In the context of banking, for instance, rapid technological advancements and changing customer preferences necessitate continuous adaptation and innovation. According to Helfat et al. (2021), banks that develop dynamic capabilities, such as investing in digital banking platforms and enhancing customer experiences, are better positioned to navigate the challenges of digital transformation. These capabilities enable banks to respond proactively to regulatory changes, competitive pressures, and technological disruptions. By integrating dynamic capabilities into their strategic frameworks, banks can achieve sustained performance and maintain their competitive edge in a rapidly evolving industry.

The theory also emphasizes the role of leadership in developing and leveraging dynamic capabilities. Leaders play a critical role in fostering a culture of innovation, facilitating organizational learning, and aligning resources with strategic priorities. Teece (2018)

argues that effective leadership is central to sensing opportunities, seizing them through strategic decision-making, and driving organizational transformation. This highlights the importance of leadership in building dynamic capabilities and ensuring their successful implementation. In the banking sector, leadership plays a vital role in guiding digital transformation initiatives, fostering customer-centric innovation, and aligning organizational processes with market demands.

Linking the Dynamic Capabilities Theory to the study, it provides a comprehensive framework for understanding how competitive strategies influence organizational performance in dynamic environments. The theory's emphasis on sensing, seizing, and transforming aligns with the study's objective of assessing the effect of innovative strategies on Tier I commercial banks in Kenya. Innovative strategies, such as digital transformation and customer-centric innovations, are inherently dynamic and require continuous adaptation to remain effective. By applying the Dynamic Capabilities Theory, the study can evaluate how these strategies enable banks to respond to market changes, enhance customer satisfaction, and achieve sustained performance. The theory's focus on resource integration and reconfiguration provides valuable insights into how banks can leverage their capabilities to navigate the challenges and opportunities in Kenya's competitive banking sector.

Dynamic Capabilities Theory is particularly relevant to the study's first objective, which seeks to determine the effect of adaptive strategies on organizational performance. Adaptive strategies require firms to continuously align their operations and resources with changing environmental conditions, a concept central to the theory. For Tier I commercial banks in Kenya, adaptive strategies involve leveraging digital banking platforms, enhancing customer experiences, and aligning products with market needs. These strategies enable banks to respond effectively to external uncertainties, such as

regulatory changes and technological disruptions, while maintaining their competitive position. By linking the theory to this objective, the study can provide a deeper understanding of how dynamic capabilities influence the implementation and success of adaptive strategies in achieving organizational performance.

In conclusion, the Dynamic Capabilities Theory offers a robust framework for exploring the relationship between competitive strategies and organizational performance in dynamic environments. Its emphasis on sensing, seizing, and transforming provides valuable insights into how organizations can navigate uncertainties and leverage opportunities to achieve sustained success. By linking the theory to the study's objectives, this research contributes to a deeper understanding of how dynamic capabilities influence the performance of Tier I commercial banks in Kenya. Through this theoretical lens, the study aims to provide practical recommendations for enhancing competitiveness and achieving organizational excellence in a rapidly changing banking landscape.

2.4 Conceptual Framework

From a statistical standpoint, a conceptual framework illustrates how the key variables or concepts in a study are related. It organizes data in a coherent and systematic structure, making it easier to understand the relationships among various elements of the research (Grant & Osanloo, 2014). Figure 1 presents the conceptual model that underpins this study. This framework is logically structured, offers detailed explanations, and outlines a network of connections that are central to the research topic, derived from a thorough review of existing literature. In addition, correlation analysis was utilized to assess the strength and significance of these relationships.

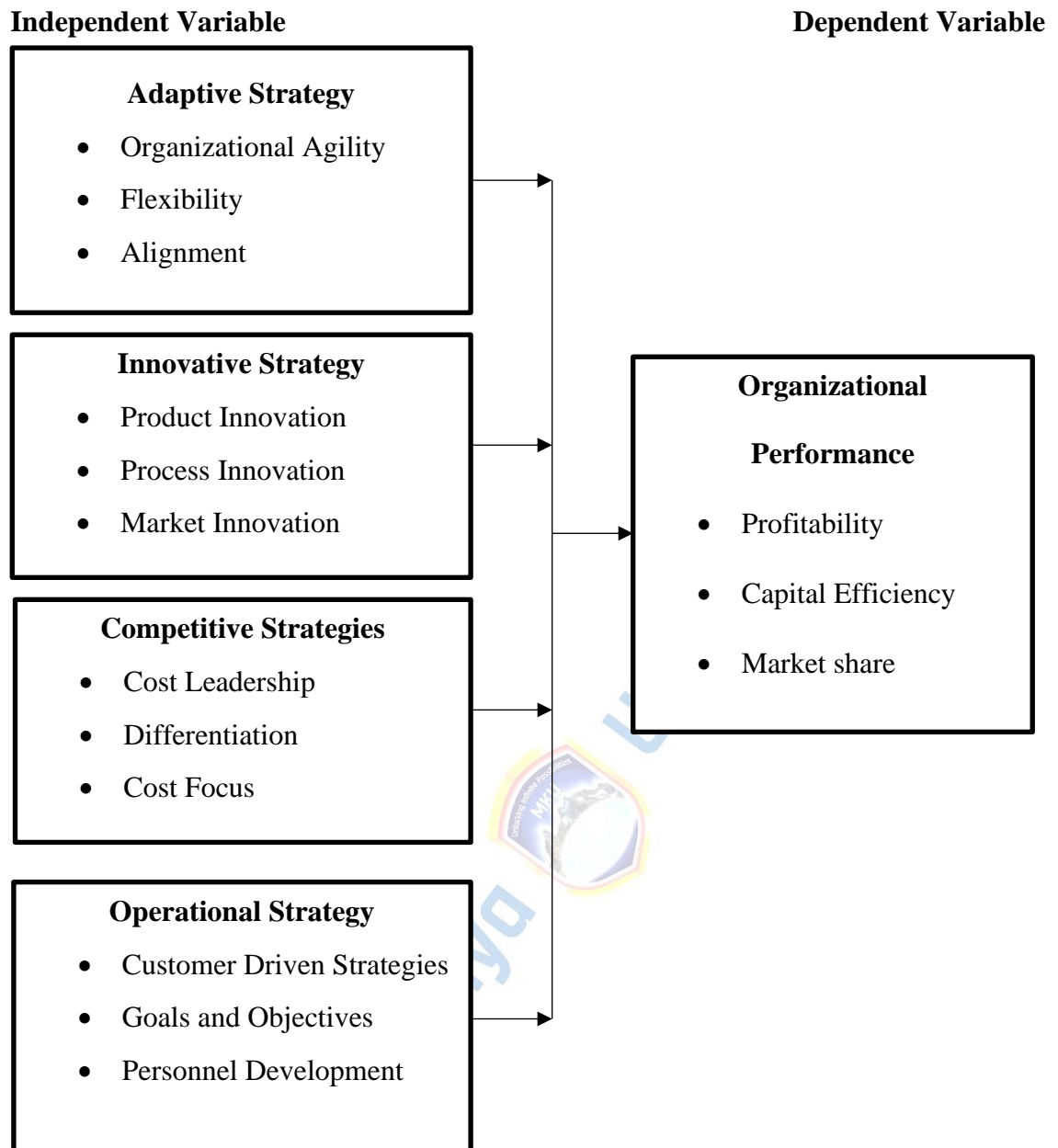


Figure 1: Conceptual Framework

Source: Researcher (2024)

2.5 Summary of Literature

The reviewed literature underscores the critical role of strategic adaptability, innovation, and competitiveness in enhancing organizational performance across various contexts. Key theories such as Contingency Theory and Dynamic Capabilities Theory provide a robust framework for understanding how organizations align their strategies with internal

and external contingencies to sustain performance in dynamic environments (Teece, 2018; Donaldson, 2020). These theories emphasize that strategic alignment and continuous adaptation are essential for navigating uncertainties and leveraging opportunities effectively.

For the first objective, the literature highlights that adaptive strategies, guided by Contingency Theory, are essential for responding to environmental uncertainties. Turner and Baker (2022) show that organizations achieve superior performance when they align their operations with contingencies such as customer preferences, technological advancements, and regulatory changes. Studies in dynamic and competitive sectors, such as banking, indicate that adaptive strategies like digital transformation and customer-centric innovations enable organizations to maintain resilience and achieve growth (Mintzberg et al., 2021). In Kenya's Tier I commercial banks, adapting to technological shifts and customer expectations is critical for achieving sustained performance (Njoroge & Mwangi, 2022).

The second objective focuses on the impact of innovative strategies on organizational performance. Literature supported by the Dynamic Capabilities Theory emphasizes that innovation drives competitive advantage in rapidly evolving markets (Helfat & Raubitschek, 2018). Globally, organizations that invest in technological advancements, research and development, and customer-oriented innovations outperform competitors by fostering differentiation and operational efficiency (Barreto, 2022). In the African context, digital banking platforms and tailored financial products have significantly enhanced competitiveness (Moyo & Gumede, 2021). Similarly, in Kenya, innovations like mobile banking and data-driven customer service platforms have proven essential for maintaining a competitive edge (Kamau & Ochieng, 2022).

Competitive strategies, addressed in the third objective, are fundamental in driving organizational performance, as evidenced by the application of cost leadership, differentiation, and hybrid strategies (Teece, 2018). Globally, firms employing well-defined competitive strategies improve customer satisfaction, market share, and profitability (Dupont & Charlet, 2021). In Africa, competitive strategies such as cost leadership in telecommunications and banking have enabled firms to capture and retain market share while enhancing operational efficiency (Nyoni & Mushi, 2021). In Kenya, Tier I commercial banks rely heavily on differentiation and cost leadership strategies to navigate the dynamic financial sector effectively (Mutuku & Wanjiku, 2023).

Lastly, the literature underlines the importance of organizational processes, such as dynamic capabilities, in achieving and sustaining superior performance. Teece (2018) and Helfat et al. (2021) emphasize that sensing market opportunities, seizing them through innovation, and transforming operations are critical components of dynamic capabilities. Globally, organizations excelling in these processes maintain resilience and competitiveness in dynamic environments (Barreto, 2022). In Kenya, Tier I commercial banks face rapidly changing customer needs and technological advancements, necessitating the continuous adaptation of resources and strategies (Njoroge & Mwangi, 2022). These processes are vital in ensuring sustainable performance in a competitive market.

2.6 Research Gaps

From the first objective, which examines the effect of adaptive strategies on organizational performance, it is evident that while adaptive strategies have been widely studied in global contexts, there is limited research focusing on their application in the Kenyan banking sector. For example, Turner and Baker (2022) highlight the importance

of aligning strategies with environmental contingencies in achieving optimal performance. However, their findings are based on Western economies with stable market dynamics, which may not directly apply to the dynamic and often unpredictable Kenyan financial environment. Additionally, studies like Mintzberg et al. (2021) emphasize the role of leadership in driving adaptive strategies but fail to explore how middle-level management in Tier I commercial banks in Kenya contributes to this process. This leaves a gap in understanding how adaptive strategies are operationalized within the Kenyan banking context to respond to technological and customer-driven changes effectively.

Regarding the second objective, which addresses the impact of innovative strategies on organizational performance, the literature highlights innovation as a critical driver of competitiveness (Teece, 2018; Helfat & Raubitschek, 2018). However, most studies focus on technology-driven industries like telecommunications and manufacturing, leaving a gap in understanding how financial institutions, particularly in developing economies, utilize innovation to improve performance. For instance, Barreto (2022) explores innovation as part of dynamic capabilities but does not address its unique implications for banking, where regulatory constraints and customer trust play critical roles. In Kenya, despite the widespread adoption of mobile banking technologies, there is limited empirical evidence on how these innovations influence overall organizational performance metrics like profitability, customer retention, and market share (Kamau & Ochieng, 2022). This gap underscores the need for focused research on the interplay between innovation and performance in the Kenyan banking sector.

In examining competitive strategies, as outlined in the third objective, the literature heavily emphasizes global perspectives, often overlooking localized competitive dynamics. Studies like Dupont and Charlet (2021) highlight the importance of

differentiation and cost leadership but fail to address how these strategies interact in environments characterized by both intense competition and unique socio-economic conditions, such as in Kenya. Furthermore, African studies, including Nyoni and Mushi (2021), provide valuable insights into cost leadership but primarily focus on smaller banks or sectors like telecommunications, leaving Tier I commercial banks underexplored. In Kenya, competitive strategies are shaped by factors like regional integration and rapid technological adoption, which remain under-researched. This gap indicates a need to investigate how competitive strategies are tailored to Kenya's unique banking sector and how they influence organizational performance outcomes such as customer acquisition and operational efficiency.

Lastly, for the fourth objective, which explores organizational processes and dynamic capabilities, the literature emphasizes the role of sensing, seizing, and transforming capabilities in maintaining competitiveness (Teece, 2018; Helfat et al., 2021). However, these studies predominantly focus on developed markets with sophisticated organizational processes. In Kenya, where banking institutions operate in rapidly evolving environments with unique challenges like regulatory shifts and infrastructure gaps, there is limited empirical evidence on how dynamic capabilities are cultivated and deployed (Njoroge & Mwangi, 2022). Additionally, while global literature such as Barreto (2022) underscores the importance of leadership in fostering dynamic capabilities, the specific role of Kenyan banking leaders in driving these processes remains unexplored. This leaves a gap in understanding how dynamic capabilities influence long-term performance in Kenya's Tier I commercial banks, particularly in relation to balancing technological adoption with customer-centric approaches.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the research methodology, detailing the study design, target population, sampling procedures, methods of data collection, techniques for data analysis, and ethical considerations. It plays a vital role in establishing the credibility and accuracy of the study's findings.

3.2 Research Design

According to Saunders, Lewis, and Thornhill (2012), research design refers to the comprehensive approach used to accomplish study objectives. It offers a framework for determining which methods to employ for data collection and analysis. Every research endeavor requires a meticulously designed research plan that effectively guide them towards their intended destination (Kalu & Bwalya, 2017). The purpose of a study design is to guarantee that the evidence gained allows for effective and unambiguous addressing of the research topic. This study will utilize a descriptive research design, which involved the use of mixed methods, quantitative analysis, or qualitative analysis. Descriptive survey aims to determine a respondent's viewpoint or encounter with a specific subject in a predetermined and organized manner. According to Shields and Rangarajan (2013), a descriptive survey focuses on answering the question of "what" by examining the features of the population or situation being studied.

3.3 Location of the Study

The study location pertains to the specific geographic area where the study participants are situated or can be located. As stated by Kombo and Tromp (2006), the study location should contain a diverse population or units that meet the study criteria, and it should be readily accessible. The study was conducted in Nairobi City County. The selection of

Nairobi City County is based on the significant number of commercial banks whose head offices are based in the County.

3.4 Target Population of the Study

According to Mugenda (2008), a study population refers to a well-defined collection of individuals or objects that are believed to possess specific characteristics. The target population of the study comprised the six Tier 1 commercial banks licensed to operate in Kenya, as per the Central Bank of Kenya (CBK) 2023 report. The study focused on managers and assistant managers from these Tier 1 commercial banks across the following departments: Operations, Information Technology (IT), Human Resources (HR), Finance and Accounting, and Marketing and Communications. Each department included both managers and assistant managers to provide a comprehensive perspective. Table 1 summarizes the distribution of respondents across these departments.

Table 1: Target Population

Department	Managers per Bank	Assistant Managers per Bank	Total Banks	Total Respondents
Operations	1	1	20	40
IT	1	1	19	38
HR	1	1	19	38
Finance	1	1	20	40
Marketing	1	1	19	38
Total	5	5	97 Banks	194

Source: Human Resource Departments, Tier one commercial banks of Kenya (2023)

3.4 Sampling Procedures and Sample Size

Sampling, as defined by Orodho (2003), refers to the process of selecting a smaller proportion of the larger target population to represent the entire group in a study. For this research, the census sampling method was employed. Census sampling involves including every individual within the target population in the analysis, ensuring comprehensive data collection and representation. This approach is particularly suitable

when the population size is small, as it eliminates the need for selecting a subset and ensures that every perspective is captured.

In line with Lewis (2015), a census sampling method is appropriate when the target population consists of fewer than 200 individuals. Lewis argues that a census provides a thorough and detailed analysis by including all members of the target group, thereby reducing the risk of sampling bias. This ensures that the findings are both accurate and reflective of the entire population under study. Given the target population for this study consists of only 60 respondents, the census sampling method was adopted. By including all respondents, the study aims to achieve robust and comprehensive data collection that captures the nuances and variations within the target group.

This method aligns with the objective of obtaining an in-depth analysis while maintaining the integrity of the findings. It ensures that no segment of the population is overlooked, thereby improving the reliability and validity of the study outcomes. Accordingly, the adoption of a census approach for this study is justified, as it provides a holistic view of the phenomenon under investigation while adhering to best practices in research methodology.

3.5 Construction of Research Instrument

The study utilized both primary and secondary data sources. Primary data was obtained through the use of semi-structured questionnaires, which included a mix of closed-ended and open-ended questions. The open-ended items were intended to capture detailed insights that might not be revealed through predefined response options. A five-point Likert scale was used for rating responses. The questionnaire was organized into several sections: Section A gathered demographic and background details; Section B addressed adaptive strategy; Section C focused on innovative strategy; Section D covered

competitive strategies; Section E explored operational strategy; and Section F examined organizational performance.

Questionnaires were selected as the most suitable tool for this type of research, as they offer several advantages (Mugenda & Mugenda, 2009). They are easy to analyze, uphold respondent confidentiality, and make it easier to track non-respondents for follow-up (Bell & Bryman, 2007). Compared to alternatives like focus groups, questionnaires are also more straightforward to administer.

3.6 Pilot Testing

Before the main data collection commenced, the questionnaire was subjected to a pre-test to identify any potential issues with the instrument. Pre-testing is a crucial step that allows the researcher to refine the questionnaire by identifying ambiguous or unclear items before distributing it to the full sample. As noted by Babin (2010), pre-testing involves administering the survey to a small group to make necessary modifications, ensuring clarity and preventing incomplete or inaccurate responses due to misinterpretation.

In addition to pre-testing, a pilot study was conducted to evaluate the reliability and validity of the instrument. The pilot included 5% of the total intended population, selected from individuals who were not part of the main sample group (Lewis, Saunders, & Thornhill, 2007). Given the study's total target population of 60, three respondents from Tier Two commercial banks were included in this preliminary test. According to Cooper and Schindler (2014), statistical selection is not mandatory for pilot participants, and a sample size ranging from 5% to 10% of the target population is generally acceptable. Therefore, the inclusion of three participants was considered sufficient to validate the research tools for this study.

3.6.1 Validity of Instruments

A study's validity can be determined by the degree to which its findings accurately reflect the phenomenon that is being investigated. The authors Cooper and Schindler (2019) emphasize the need of including objective questions in the questionnaire and doing pilot tests in order to identify and adjust any questions or procedures that may be interpreted as being offensive or unclear. This is done in order to ensure that the final survey is not only valid but also accurate. The research made use of a variety of different types of validity, including criterion validity, construct validity, face validity, and content validity. In the event that the test or assessment has a high level of content validity, all of its components was included.

Face validity is concerned with the quality of the questions that are asked and the amount of time that is provided to the respondent in order to complete the survey, whereas construct validity is concerned with evaluating the ability, attribute, trait, or skill of the respondent. In conclusion, criterion validity was applied to indicate whether or not the findings obtained are consistent with those acquired from other measures utilizing comparable questionnaires. This is an extremely significant aspect of criteria validity. At each and every stage, the opinion of an expert was sought out in order to assess the research instruments and provide input on whether or not the questions are representative and whether or not they are the most effective format for getting the information that is required. In this manner, the data that was obtained carried a greater level of content quality.

3.6.2 Reliability of Instruments

When we talk about reliability, we are referring to the amount of consistency that research instruments have in producing results. In order to determine whether or not the

research instruments, such as the question wording, structure, and order, are valid, the pilot study is being conducted. The split-half method was utilized in order to conduct an assessment of the general dependability of the study apparatus. In order to accomplish this, the data was divided from a particular sample of respondents (often in an odd-even fashion). To determine the nature of the connections that exist between the two parts, we shall employ Pearson's correlation. A correlation coefficient of 0.7 or higher is indicative of significant data dependability, according to Trochim's research from 2020 or before. The purpose of this endeavor is to enhance the research instruments in such a way that the participants in the primary study had no trouble answering all of the questions that are posed in the study.

3.7 Data Collection Methods and Procedures

The study got permission and approval from the administration of the selected firms before commencing data collection. This will follow the acquisition of the necessary authorization letters from the University and NACOSTI. To enhance the response rate, the study will prioritize ethical considerations throughout the research process. The researcher explained the significance of the study to the respondents (informed consent) and assured them of the confidentiality and security of their identities. Any difficult questions were clarified, the voluntary participation of respondents was emphasized, and the data collection process was designed to avoid causing emotional distress. Only respondents deemed competent to provide relevant information was considered.

The data collection process is expected to take two weeks. If respondents fail to complete the questionnaires within this period, they was granted an additional week to do so. The use of the drop-and-pick method is anticipated to enhance the study's response rate, supporting the adequacy of the analysis (Allred and Ross-Davis, 2011).

3.8 Data Analysis Methods

The research utilized both descriptive and inferential statistics. The descriptive statistics that were analyzed using frequency, percentage, mean, and standard deviation. Creswell (2018) states that qualitative data was analyzed using content analysis, which involves preparing and structuring the material for analysis (transcribing) and then condensing the data into themes. The following multiple regression model was tested.

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$$

Where:

Y = Organisational Performance

X₁ = Adaptive Strategy

X₂ = Innovative Strategy

X₃= Competitive Response Strategy

X₄= Operational Strategies

β₀ is the regression constant or intercept,

β₁, β₂, and β₃ are the unknown parameters (regression coefficients)

ε = **Error term**

3.9 Diagnostic Tests

According to Glasser (2014), the purpose of diagnostic research is to analyze the degree to which a diagnostic test can confirm or rule out specific features that are present in a sample under investigation. According to Rommel (2013), diagnostic tests are designed to address the many sorts of predispositions that may crop up throughout the course of an investigation that is intended to investigate the precision. The researcher wanted to determine whether or not they could move forward with the regression model of the study, and the purpose of the assumption test was to check this. A number of presumptions was examined to see whether or not they are true. In this investigation,

two tests, namely the normalcy test and the multicollinearity test, was taken into consideration.

3.9.1 Testing for Normality

The assumption that residuals follow a normal distribution is one of the assumptions that the OLS regression model makes, and it has an effect on the validity of all tests (Oscar, 2007). In order to determine whether or not residuals follow a normal distribution, this study made use of the Shapiro-Wilk test, which is a method for evaluating normality that does not provide graphical representations. The Shapiro-Wilk test was applied in order to investigate the null hypothesis that the distribution of residuals is normal (Oscar, 2007). If the p-value that was obtained is more than 0.05 ($p > 0.05$), then the study did not reject the null hypothesis (at a confidence level of 95%), which indicates that the residuals have a normal distribution.

3.9.2 Testing for Multicollinearity

According to Kumari (2008), the phenomenon known as multicollinearity describes the presence of a linear relationship between the variables that are considered independent. The presence of multicollinearity can result in significant errors in predicting and make it challenging to evaluate the relative significance of the various variables that are included in the model. When it came to determining whether or not there was multicollinearity, this study chose to use both the Variance Inflation Factor (VIF) and Tolerance. According to Oscar (2007), a problem with multicollinearity would be considered to exist if the values of the Tolerance Statistics were lower than 0.10. To determine whether or not there is multicollinearity, the research also made use of the reciprocal of tolerance, which is also referred to as the Variance Inflation Factor (VIF). The variance inflation factor provides an indication of the degree to which multicollinearity is responsible for the inflation of the variance of the coefficient

estimate. According to Oscar (2007), a Variance Inflation Factor that is greater than 10 ($VIF > 10$) signals that there is something wrong with the multicollinearity.

3.10 Ethical Consideration

According to Fouka and Mantzourou (2011), ethics is a subfield of philosophy that focuses on the behavior of individuals and serves as a guide for the norms or standards of behavior on the part of individuals as well as their relationships with one another. In order to guarantee that the study was conducted in accordance with ethical research guidelines, the researcher took certain precautionary precautions. The researcher first got a research authorization permission from the National Commission for Science, Technology, and Innovation before beginning the process of data gathering.



CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSIONS

4.0 Introduction

This chapter presents the findings of the study based on the data collected from respondents. The results are organized according to the study objectives and themes derived from the questionnaire. The chapter begins with the response rate, followed by demographic information of the respondents, and later provides detailed findings aligned with the specific objectives of the study.

4.1 Response Rate

The research aimed to collect data from a sample of 194 individuals. Of these, 184 completed and returned the questionnaires, yielding a response rate of 94.8%. This strong participation was largely due to prompt follow-ups and the respondents' readiness to take part in the study. Such a high response rate is deemed sufficient for effective data analysis and contributes to the overall reliability and credibility of the study's results.

4.2 Demographic Information

Demographic characteristics of the respondents were collected to provide background information and to contextualize the analysis. This section presents data on gender distribution, among other demographic aspects.

4.2.1 Gender

The results show that the majority of respondents were male, accounting for 62.5%, while female respondents made up 37.5% of the sample. This indicates a higher level of male participation in the study. The gender distribution is important in interpreting the findings, particularly where gender may influence perspectives or experiences related to the study topic. The gender distribution of the respondents is summarized in Table 2 below:

Table 2: Gender

		Frequency	Percent
Valid	Male	115	62.5
	Female	69	37.5
Total		184	100.0

Source: Field Data (2025)

4.2.2 Age

The findings show that the majority of the respondents (40.2%) were aged between 36 and 45 years, followed closely by those aged 26 to 35 years at 36.4%. Respondents aged 18 to 25 years made up 13.6%, while those aged 46 to 55 years accounted for 9.8%. The data suggests that most of the participants were in their active professional years, which may have influenced their insights and experiences related to the study.

The study also sought to determine the age distribution of the respondents to gain insight into the age diversity among participants. The results are presented in Table 3 below:

Table 3: Age

		Frequency	Percent
Valid	18 - 25 years	25	13.6
	26 - 35	67	36.4
	36 - 45	74	40.2
	46 - 55	18	9.8
	Total	184	100.0

Source: Field Data (2025)

4.2.3 Academic qualifications

The study also collected information on the academic qualifications of the respondents. Understanding the education level of the participants helps to contextualize their responses and perspectives in relation to the research topic. The results are shown in Table 4 below:

Table 4: Academic qualifications

		Frequency	Percent
Valid	Primary	2	1.1
	High school	18	9.8
	Tertiary	82	44.6
	University	76	41.3
	Postgraduate	6	3.3
	Total	184	100.0

Source: Field Data (2025)

As shown in the table, the highest number of respondents (44.6%) had attained tertiary-level education, followed closely by university graduates at 41.3%. A smaller proportion, 3.3%, had postgraduate qualifications, while 9.8% had completed high school, and only 1.1% had primary education. These results indicate that the majority of the respondents were relatively well-educated, which likely contributed to informed and meaningful responses during the data collection process.

4.2.4 Length of service

The study also examined the respondents' length of service to determine their level of experience in their respective fields. This information is essential in evaluating the depth of knowledge and practical insight that the respondents brought to the study. The findings are presented in Table 5 below:

Table 5: Length of service

		Frequency	Percent
Valid	1 - 5	86	46.7
	6 - 10	62	33.7
	11 - 15	30	16.3
	Over 15 yrs	6	3.3
	Total	184	100.0

Source: Field Data (2025)

The findings indicate that nearly half of the respondents (46.7%) had worked for between 1 and 5 years, while 33.7% had served between 6 and 10 years. Respondents with 11 to 15 years of experience made up 16.3%, and only 3.3% had been in service for over 15 years. This suggests that the majority of the respondents were relatively early to mid-career professionals, which could influence their outlook, adaptability, and experiences shared during the study.

4.3 Descriptive Analysis

4.3.1 Adaptive strategy on organizational performance

The study assessed various indicators of adaptive strategy and their influence on organizational performance. Respondents were asked to rate their level of agreement on several statements using a Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). The descriptive statistics—comprising the mean and standard deviation—are summarized in Table 6.

The findings indicate that all the indicators of adaptive strategy received relatively moderate ratings from the respondents. The statement "Employees hired have the requisite knowledge, skills, abilities, and personal attributes" had the highest mean score of 2.9728, suggesting that respondents moderately agreed with this statement. This implies a generally positive perception of the hiring process and employee qualifications. The statement with the lowest mean score was "Employees are able to change their plans and systems to match what the business needs at the moment," with a mean of 2.4022, indicating lower levels of agreement. This may reflect challenges in flexibility and adaptability among employees when responding to dynamic business needs.

The relatively high standard deviations across the statements (ranging from 1.67958 to 1.86638) suggest a wide range of views among the respondents, indicating varied experiences or perceptions regarding adaptability in the organization.

Table 6: Adaptive strategy on organizational performance

	N	Minimum	Maximum	Mean	Std. Deviation
Employees effectively respond to challenges regarding business requirements	184	1.00	5.00	2.9457	1.86638
Employees hired have the requisite knowledge, skills, abilities and personal attributes	184	1.00	5.00	2.9728	1.84785
The management is able to change their plans and systems to match what the business needs at the moment	184	1.00	5.00	2.8859	1.79648
Employees are able to change their plans and systems to match what the business needs at the moment	184	1.00	5.00	2.4022	1.67958
Valid N (listwise)	184				

Source: Field Data (2025)

4.3.2 Innovative strategy on organizational performance

This study aimed to explore the impact of innovative strategies on organizational performance, with a focus on how emerging technologies are adopted and implemented. Participants were requested to express their level of agreement with various statements concerning innovation practices within their organizations. A 5-point Likert scale was used to capture responses, where 1 represented "Strongly Disagree" and 5 represented "Strongly Agree." A summary of the descriptive statistics derived from the responses is presented in Table 7.

The statement with the highest mean score was "The bank has adopted data-driven product solutions" with a mean of 3.0272, indicating a moderate level of agreement among respondents. This suggests that the organization has made some effort to utilize data to improve products and services.

Conversely, the lowest rated statement was "The bank uses contemporary technologies such as big data, artificial intelligence and Internet of Things (IoT)", with a mean of 2.3478, indicating that respondents generally disagreed or were uncertain about the extent of advanced technology use in the organization.

The results suggest that while some innovative strategies are in place, such as adopting data-driven solutions, the adoption of more advanced or emerging technologies may still be at a relatively low level. The high standard deviations (ranging from 1.70140 to 1.83301) also point to diverse opinions among respondents, possibly reflecting varying experiences or understanding of the bank's technological strategies.

Table 7: Innovative strategy on organizational performance

	N	Minimum	Maximum	Mean	Std. Deviation
The bank has strategy for adopting the latest technological innovations	184	1.00	5.00	2.7717	1.76241
The bank has adopted data driven product solutions.	184	1.00	5.00	3.0272	1.83301
The bank has implemented the digital currencies to increase the competition.	184	1.00	5.00	2.5163	1.82567
The bank uses contemporary technologies such as big data, artificial intelligence and internet of things (IoT)	184	1.00	5.00	2.3478	1.70140
Valid N (listwise)	184				

Source: Field Data (2025)

4.3.3 Competitive strategy on organizational performance

The research also focused on evaluating how competitive strategies affect organizational performance. Participants were asked to express their agreement with a series of statements addressing areas such as cost-effectiveness, product quality, timeliness of

delivery, and customer satisfaction. These items were assessed using a 5-point Likert scale, where 1 indicated "Strongly Disagree" and 5 indicated "Strongly Agree." A summary of the descriptive statistics for this section is shown in Table 8.

Among the statements, the one receiving the highest average rating was, "Operational costs have significantly decreased, leading to profit maximization within the organization," with a mean score of 2.6957. This reflects a moderate level of agreement that cost-efficiency initiatives are positively influencing performance. Conversely, the lowest average score of 2.3043 was associated with the statement, "Greater product flexibility and enhanced customer value delivery contribute positively to organizational performance." This suggests that respondents may perceive a shortfall in the organization's efforts to offer adaptable and high-value products to meet customer needs. Generally, all items scored below the neutral midpoint (3.00), suggesting that the respondents were either undecided or leaned toward disagreement regarding the strength and effectiveness of competitive strategies within the organization. The standard deviations—ranging from 1.57327 to 1.77868—indicate a fair amount of variability in the responses.

Table 8: Competitive strategy on organizational performance

	N	Minimum	Maximum	Mean	Std. Deviation
There is significant reduction on operational costs and profits maximization within the organization	184	1.00	5.00	2.6957	1.77868
Improved product quality has led to increased customer satisfaction and attracted more.	184	1.00	5.00	2.6359	1.75960
There is increased lead times on product development and delivery to customers thus fostering increased satisfaction and loyalty to the organization.	184	1.00	5.00	2.5054	1.70181
Increased product flexibility and superior customer value delivery impacts positively towards organizational performance.	184	1.00	5.00	2.3043	1.57327
Valid N (listwise)	184				

Source: Field Data (2025)

4.3.4 Operational strategy on organizational performance

The study assessed the role of operational strategies in enhancing organizational performance. The focus was on areas such as staff competencies, internal development practices, financial expertise, and market responsiveness. Respondents were asked to indicate their level of agreement using a 5-point Likert scale ranging from 1 (Strongly Disagree) to 5 (Strongly Agree). The results are summarized in Table 9.

The findings reveal relatively low mean scores across all four items, with none surpassing the neutral benchmark of 3.00. This suggests a general perception that the organization's operational strategies may not be fully optimized or effective.

The highest-rated item, "Financial expertise in the organization have identified unique areas of excellence and developed strategic plans...", had a mean of 2.5380, indicating slight agreement among respondents. Meanwhile, the lowest mean scores of 2.4022 were observed in two areas: the availability of well-trained staff and the impact of internal development practices like mentoring and coaching.

These results point to potential areas of improvement in human resource development, strategic utilization of internal expertise, and responsiveness to market dynamics. The relatively high standard deviations (ranging from 1.58931 to 1.71772) indicate varied opinions among respondents, suggesting inconsistent implementation or awareness of these operational strategies.

Table 9: Operational strategy on organizational performance

	N	Minimum	Maximum	Mean	Std. Deviation
There is a rich pool of well-trained staff with distinct core competencies tasked with work and production of quality output for the market.	184	1.00	5.00	2.4022	1.58931
Specific practices such as mentoring, job assignments, networking and executive coaching have contributed to increased organizational performance	184	1.00	5.00	2.4022	1.59617
Financial expertise in the organization have identified unique areas of excellence and developed strategic plans on how to utilize its competencies to improve performance	184	1.00	5.00	2.5380	1.68525
The organization is continuously monitoring the market trends in order to supply the customers according to the current market demand to enhance customer sustainability and profitability.	184	1.00	5.00	2.4837	1.71772
Valid N (listwise)	184				

Source: Field Data (2025)

4.3.5 Organizational Performance

At this section, the study aimed to evaluate the level of organizational performance based on operational outcomes such as production rate, profit margins, capital efficiency, and market presence. Respondents rated various statements on a 5-point Likert scale, where 1 represented Strongly Disagree and 5 represented Strongly Agree. The responses are summarized in Table 10.

From the results, it is evident that respondents held a generally low opinion on the current state of organizational performance. All mean scores were below the neutral score of 3.00, indicating disagreement or uncertainty with the statements provided.

The highest mean, 2.4511, was for the statement regarding increased production due to operational strategies, suggesting that some positive impact was perceived, although not strongly. The lowest-rated statement, “The organization's business and its branches are strategically located hence significant and superior market share”, had a mean of 2.1250, indicating strong disagreement among respondents on the organization’s market positioning.

These findings suggest that while operational strategies may have begun to influence internal productivity, this has not yet translated into significant improvements in profit margins or market dominance. The relatively high standard deviations (ranging from 1.42600 to 1.66211) further suggest diverse perspectives among respondents, potentially due to varying levels of awareness or experiences within the organization.

Table 10: Organizational Performance

	N	Minimum	Maximum	Mean	Std. Deviation
There is a significance increase in the rate of production in the organization by using operational strategies	184	1.00	5.00	2.4511	1.66211
There is a notable increase in profit margins in the organization in the last two years.	184	1.00	5.00	2.3261	1.58964
Organizational performance is ensured by the capital efficiency of the operational strategies employed.	184	1.00	5.00	2.4185	1.65753
The organizations business and its branches are strategically located hence significant and superior market share	184	1.00	5.00	2.1250	1.42600
Valid N (listwise)	184				

Source: Field Data (2025)

4.4 Inferential analysis

This section presents inferential statistical analyses used to determine the nature and strength of the relationships between strategic variables (adaptive, innovative, competitive response, and operational strategies) and organizational performance. Pearson Product-Moment Correlation was used, which measures the linear association between variables.

4.4.1 Correlations

The results of the Pearson correlation analysis revealed strong and statistically significant positive relationships between all the strategic variables and organizational performance. The strongest relationship was found between competitive response strategy and organizational performance, with a Pearson correlation coefficient of $r = 0.927$ and a significance level of $p < 0.01$. This indicates that enhancements in competitive strategies, such as cost reduction, improved product quality, and faster service delivery, are strongly associated with improved performance in the organization.

Operational strategies also showed a strong positive correlation with organizational performance, with a coefficient of $r = 0.836$. This suggests that practices such as continuous market monitoring, employee training, and strategic resource allocation significantly contribute to improving organizational outcomes.

Adaptive strategies exhibited a correlation coefficient of $r = 0.791$, while innovative strategies had a coefficient of $r = 0.753$, both significant at the $p < 0.01$ level. These findings indicate that the ability of the organization to adjust to changing business needs and to embrace innovation—including technological advancements—also plays a key role in driving performance.

The correlation analysis confirms that all four strategic approaches have a positive and significant influence on organizational performance. The results underscore the

importance of integrating adaptive, innovative, competitive, and operational strategies in organizational planning to achieve superior performance outcomes.

Table 11: Correlations

		Adaptive Strategy	Innovative Strategy	Competitive Response Strategy	Operational Strategies	Organizational Performance
Adaptive Strategy	Pearson Correlation	1	.868**	.849**	.832**	.791**
	Sig. (2-tailed)		0.000	0.000	0.000	0.000
	N	184	184	184	184	184
Innovative Strategy	Pearson Correlation	.868**	1	.778**	.831**	.753**
	Sig. (2-tailed)	0.000		0.000	0.000	0.000
	N	184	184	184	184	184
Competitive Response Strategy	Pearson Correlation	.849**	.778**	1	.819**	.927**
	Sig. (2-tailed)	0.000	0.000		0.000	0.000
	N	184	184	184	184	184
Operational Strategies	Pearson Correlation	.832**	.831**	.819**	1	.836**
	Sig. (2-tailed)	0.000	0.000	0.000		0.000
	N	184	184	184	184	184
Organizational Performance	Pearson Correlation	.791**	.753**	.927**	.836**	1
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	
	N	184	184	184	184	184

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

Source: Field Data (2025)

4.4.2 Reliability Statistics

To ensure the consistency and reliability of the research instrument used in this study, a reliability analysis was conducted using Cronbach's Alpha. The results yielded a

Cronbach's Alpha coefficient of 0.959, while the standardized items gave a slightly higher value of 0.960 across all five constructs. These values indicate a very high level of internal consistency among the items used in the questionnaire.

Generally, a Cronbach's Alpha value of 0.7 or above is considered acceptable for social science research. Therefore, the obtained values in this study demonstrate that the research instrument was highly reliable and suitable for measuring the variables under investigation—namely, adaptive strategy, innovative strategy, competitive response strategy, operational strategies, and organizational performance.

This high reliability enhances the credibility of the findings and implies that the responses collected from the participants can be regarded as dependable and consistent.

Table 12: Reliability Statistics

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.959	.960	5

Source: Field Data (2025)

4.4.3 ANOVA with Friedman's Test

To further assess the differences in respondents' perceptions across the various strategic dimensions influencing organizational performance, a Friedman's Test was conducted. This non-parametric test is particularly useful for detecting differences in treatments across multiple test attempts and is ideal when dealing with ordinal data or when the assumptions of normality are not met.

The results showed a Friedman's Chi-Square value of 58.459 with a significance level (p-value) of 0.000. This indicates that there are statistically significant differences in how respondents rated the different strategic factors—adaptive, innovative, competitive, and operational strategies—with respect to their influence on organizational performance.

The test also yielded a Kendall's coefficient of concordance (W) = 0.012, which measures the level of agreement among respondents. Although the coefficient is relatively low, suggesting weak agreement, the statistically significant result still affirms that the variations in responses across the strategies are not due to chance.

The ANOVA with Friedman's Test provides evidence that the strategic approaches are perceived differently in terms of their contribution to organizational performance, warranting deeper analysis and strategic prioritization by organizational leaders.

Table 13: ANOVA with Friedman's Test

ANOVA with Friedman's Test						
		Sum of Squares	df	Mean Square	Friedman's Chi-Square	Sig
Between People		27840.486	183	152.134		
Within People	Between Items	393.583 ^a	4	98.396	58.459	.000
	Residual	4561.617	732	6.232		
	Total	4955.200	736	6.733		
Total		32795.686	919	35.686		
Grand Mean = 10.2315						
a. Kendall's coefficient of concordance $W = .012$.						

Source: Field Data (2025)

4.4.4 Regression

To determine the extent to which the independent variables (adaptive strategy, innovative strategy, competitive response strategy, and operational strategies) explain the variation in organizational performance, a multiple regression analysis was conducted.

The results from the Model Summary (Table 14) indicate a correlation coefficient (R) of 0.938, showing a very strong positive relationship between the independent variables and organizational performance. The R Square value of 0.880 reveals that approximately 88.0% of the variance in organizational performance can be explained by the combined

effect of the four strategies. The Adjusted R Square, which accounts for the number of predictors in the model, stands at 0.877, confirming the model's robustness and goodness of fit.

Furthermore, the Standard Error of the Estimate is 1.89513, indicating the average distance that the observed values fall from the regression line. The R Square Change value of 0.880 and an F-Change of 327.940 with 4 degrees of freedom (df1) demonstrate that the model is statistically significant and that the inclusion of the predictors significantly improves the ability to explain organizational performance.

These findings suggest that the strategic variables under study play a significant and substantial role in influencing the performance of organizations.

Table 14: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics		
					R Square Change	F Change	df1
1	.938 ^a	.880	.877	1.89513	.880	327.940	4

Source: Field Data (2025)

4.4.5 ANOVA

The Analysis of Variance (ANOVA) was conducted to assess whether the regression model used to predict organizational performance based on the four strategic variables—adaptive strategy, innovative strategy, competitive response strategy, and operational strategies—was statistically significant.

As shown in Table 15, the regression sum of squares is 4711.201 with 4 degrees of freedom, indicating the variation explained by the model. The mean square value for the regression is 1177.800, while the residual sum of squares is 642.881 with 179 degrees of freedom, reflecting the unexplained variation.

The calculated F-statistic is 327.940 with a corresponding p-value of .000, which is highly significant ($p < 0.05$). This result confirms that the regression model provides a good fit for the data and that the combination of the four independent variables significantly predicts organizational performance.

The null hypothesis that the model has no explanatory power can be rejected, affirming that the strategic factors jointly have a meaningful impact on organizational performance.

Table 15: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4711.201	4	1177.800	327.940	.000 ^b
	Residual	642.881	179	3.592		
	Total	5354.082	183			
a. Dependent Variable: ORGANIZATIONAL PERFORMANCE						
b. Predictors: (Constant), Operational Strategies, Competitive Response Strategy, Innovative Strategy, Adaptive Strategy						

Source: Field Data (2025)

4.4.6 Coefficients

The regression analysis results presented in Table 16: Coefficients provide insight into the individual contributions of the independent variables—adaptive strategy, innovative strategy, competitive response strategy, and operational strategies—towards predicting organizational performance.

Starting with the constant (intercept), the unstandardized coefficient is 0.467, with a standard error of 0.294. The t-value is 1.588, and the p-value is 0.114, which is not statistically significant ($p > 0.05$). This suggests that when all the independent variables are set to zero, the baseline organizational performance would not differ significantly from zero.

Next, the adaptive strategy variable has an unstandardized coefficient of -0.109, with a standard error of 0.053. The t-value is -2.058, and the p-value is 0.041, indicating

statistical significance at the 0.05 level. This negative coefficient suggests that, holding all other variables constant, an increase in adaptive strategy could result in a slight decrease in organizational performance. This outcome may reflect that certain adaptive strategies, especially those that are reactive, might not be as effective as anticipated.

The innovative strategy, however, has a very small unstandardized coefficient of 0.010, with a standard error of 0.050. The t-value is 0.210, and the p-value is 0.834, which is not statistically significant ($p > 0.05$). This indicates that, when other factors are controlled for, the innovative strategy does not have a meaningful impact on organizational performance in this model.

On the other hand, the competitive response strategy variable has a strong positive effect with an unstandardized coefficient of 0.720, and a standard error of 0.048. The t-value is 15.038, with a p-value of 0.000, which is highly significant ($p < 0.05$). This result demonstrates that effective competitive strategies, such as reducing operational costs, improving product quality, and enhancing customer satisfaction, play a major role in enhancing organizational performance.

The operational strategies variable shows a positive unstandardized coefficient of 0.271, with a standard error of 0.053. The t-value is 5.154, and the p-value is 0.000, which is also highly significant. This suggests that well-implemented operational strategies, including skilled staff, continuous training, and effective market monitoring, positively impact organizational performance.

Table 16: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.467	.294		1.588	.114
	Adaptive strategy	-.109	.053	-.131	-2.058	.041
	Innovative strategy	.010	.050	.012	.210	.834
	Competitive response strategy	.720	.048	.799	15.038	.000
	Operational strategies	.271	.053	.280	5.154	.000
a. Dependent Variable: ORGANIZATIONAL PERFORMANCE						

Source: Field Data (2025)

4.5 Discussions of findings

4.5.1 Discussions on Adaptive strategy on organizational performance

The findings of the regression analysis revealed that the adaptive strategy had a negative influence on organizational performance ($B = -0.109$, $p = 0.041$). This suggests that adaptive strategies, when implemented in the organization, may not lead to improvements in performance as expected. In fact, the negative coefficient indicates that a stronger focus on adaptive strategies could potentially reduce organizational performance.

Several factors could explain this unexpected result. Adaptive strategies typically involve adjusting to changes in the environment or responding to crises, which might be reactive rather than proactive. According to Johnson and Scholes (2008), organizations that focus too much on reacting to immediate challenges can miss opportunities for strategic foresight, leading to inefficiencies. Moreover, Hamel and Prahalad (1994) argue that an overemphasis on adaptation could make organizations overly flexible and potentially lose their core focus, thereby hindering long-term performance.

The negative impact observed in this study could also be influenced by the type of adaptive strategies employed. If the organization focuses on short-term changes without integrating those adaptations into its long-term strategic vision, it may lead to poor performance outcomes. This finding aligns with research by Mintzberg (1994), who posits that while adaptation is essential, it must be balanced with a strong, well-defined strategy that provides long-term direction.

In contrast, organizations that employ proactive strategic planning and continuously align their resources and capabilities with their goals are more likely to perform better. Porter (1996) highlights that organizations that blend adaptive strategies with robust strategic frameworks are more likely to respond successfully to both market dynamics and internal challenges. This means that the negative influence observed in the study could be reduced if adaptive strategies are more strategically aligned with the organization's long-term goals and vision.

While adaptive strategies are critical in navigating external challenges, their impact on performance may be limited if they are reactive and lack integration into the broader organizational strategy. Organizations must therefore focus on strategic adaptation, not just operational or crisis-driven adaptations, to ensure long-term organizational growth.

4.5.2 Discussions on Innovative strategy on organizational performance

The findings from the regression analysis showed that the innovative strategy had a very small, statistically insignificant effect on organizational performance ($B = 0.010$, $p = 0.834$). This suggests that in this case, the adoption of innovative strategies, including technological advancements and new product solutions, did not have a significant impact on organizational performance.

This result could be surprising, as innovation is often considered a key driver of competitive advantage. Research by Schumpeter (1934) emphasizes that innovation,

whether in products, services, or processes, is crucial for long-term organizational success. Similarly, Porter (1985) argued that innovation could provide firms with a competitive edge by enabling them to differentiate their products and services, thereby improving market position and performance.

The lack of significance in this study might be due to several reasons. One possibility is that the organizations surveyed might not have fully embraced innovation or might have been in the early stages of implementing innovative strategies. As Tushman and O'Reilly (1996) note, organizations can experience difficulties when transitioning from traditional to innovative business models, and initial attempts at innovation may not immediately show measurable results. In such cases, the return on innovation may not be instantaneous, and it could take a longer time for the benefits of innovation to manifest. Additionally, Christensen (1997) highlights that some organizations, especially those with established market positions, may face barriers to innovation, such as resistance to change, lack of resources, or an entrenched organizational culture. The culture of innovation within an organization plays a critical role in determining the success of innovative strategies. If an organization is not ready to adopt a culture that embraces new ideas, the impact of innovative strategies may be diminished.

Moreover, another possible explanation could be the nature of the innovation itself. The study's results suggest that the innovation strategies implemented by the organizations in the sample may not have been transformative enough to affect organizational performance. As Davila, Epstein, and Shelton (2006) suggest, the degree of innovation—incremental versus radical—can influence how it impacts an organization. Incremental innovations may not yield immediate performance benefits compared to more radical or disruptive innovations.

While innovation is crucial for long-term success, the study indicates that the immediate impact of innovative strategies on organizational performance may not be as significant, especially if the innovations are incremental or if there are challenges in adopting a culture of innovation. To fully capitalize on the benefits of innovation, organizations must not only invest in new technologies and ideas but also foster an environment where innovation is encouraged and supported at all levels of the organization.

4.5.3 Discussions on Competitive strategy on organizational performance

The regression analysis revealed that the competitive response strategy had a strong and positive impact on organizational performance ($B = 0.720$, $p = 0.000$). This suggests that organizations that employ effective competitive response strategies—such as market positioning, cost leadership, and differentiation—are likely to experience improved organizational performance.

This result is consistent with established literature on competitive strategy. Porter (1985) emphasized that a well-crafted competitive strategy allows organizations to gain a sustainable competitive advantage by differentiating their products or services or achieving cost leadership. In competitive markets, organizations that can respond effectively to competitive pressures tend to perform better, as they can secure a larger market share, increase customer satisfaction, and maintain profitability.

In the case of this study, the positive influence of competitive response strategies could be attributed to several factors. First, organizations that actively monitor market conditions and respond swiftly to competitive threats are better positioned to maintain their relevance and profitability. According to Kotler (2000), companies that adopt a proactive stance in competitive environments are more likely to stay ahead of rivals, as they can identify and exploit new opportunities before competitors do.

Competitive response strategies can also foster innovation. As Barney (1991) suggests, organizations that focus on competitive dynamics are often driven to innovate as a way to distinguish themselves from their competitors. In such organizations, strategic responses may include introducing new products or improving existing ones, both of which are likely to have a positive effect on performance.

The findings also align with the work of Porter (1996), who argues that firms with a clear understanding of their competitive positioning and a well-defined strategy for responding to competition can better adapt to changing market conditions. In this study, it appears that organizations with stronger competitive strategies have an advantage in meeting market demand, improving customer loyalty, and increasing their market share, all of which are indicators of improved performance.

It is also worth noting that the strong effect of competitive response strategies might reflect the current market environment in which organizations face significant pressures from both local and global competitors. As competition intensifies, the need for companies to have agile and effective competitive strategies becomes more pronounced. Miller and Friesen (1986) found that firms that do not continuously refine their competitive response strategies are more likely to lose market share and experience declining performance over time.

The study's findings confirm that competitive response strategies play a crucial role in enhancing organizational performance. Organizations that effectively respond to competitive challenges through strategic actions such as differentiation, cost leadership, and market responsiveness are more likely to thrive in dynamic and competitive business environments. These results reinforce the importance of having a robust competitive strategy as a key driver of long-term organizational success.

4.5.4 Discussions on Operational strategy on organizational performance

The regression results indicated that operational strategies had a significant and positive effect on organizational performance ($B = 0.271$, $p = 0.000$). This implies that organizations that focus on refining their internal operations—such as improving production efficiency, optimizing resource allocation, and streamlining processes—tend to experience enhanced performance outcomes.

These findings align with existing literature on the critical role of operational strategies in driving organizational success. Slack et al. (2010) highlight that operational strategies are fundamental for ensuring the efficient execution of business activities, which directly impacts both cost-effectiveness and service quality. The ability to manage operations efficiently allows firms to reduce operational costs, improve product quality, and deliver better customer service—all of which contribute to overall performance.

The positive impact of operational strategies can be attributed to several key factors. First, well-implemented operational strategies enable organizations to leverage their resources more effectively. For example, companies that focus on process improvement and optimization are better able to meet customer demands in a timely and cost-effective manner. As Hill and Jones (2012) suggest, firms that integrate operational excellence with their strategic objectives are more likely to achieve a competitive advantage and, consequently, better performance.

Additionally, operational strategies often involve the continuous monitoring and adjustment of business processes to align with market changes. According to Porter (1985), firms that engage in continuous process improvement can achieve a higher level of operational efficiency, which enables them to stay competitive in the market. This is particularly relevant in industries where customer expectations are rapidly evolving, and

organizations must be agile in adjusting their operations to maintain high levels of satisfaction and loyalty.

Another significant factor contributing to the positive relationship between operational strategies and organizational performance is the growing emphasis on technology adoption in business processes. Companies that implement technology-driven operational strategies can streamline tasks, reduce human error, and enhance productivity. Hammer and Champy (1993) argue that business process reengineering—supported by advanced technologies—can significantly improve efficiency and lead to better overall performance.

The findings underscore the importance of aligning operational strategies with broader organizational goals. Kaplan and Norton (1992) argue that firms with a clear strategy for managing their operations in line with their strategic vision are more likely to perform at a higher level. For instance, companies that incorporate feedback loops, such as regular performance assessments and customer feedback, into their operational strategies can identify areas for improvement and refine their processes accordingly.

The significant positive impact of operational strategies on organizational performance in this study also reflects the broader business environment, where competition and customer demands are increasing, and operational efficiency is critical. O'Reilly and Tushman (2004) emphasize that firms that successfully manage their operations are better equipped to navigate market fluctuations and deliver consistent value to customers, which in turn supports sustained performance.

The study highlights the vital role of operational strategies in enhancing organizational performance. Organizations that focus on improving their internal operations, optimizing processes, and integrating technological advancements are likely to experience higher levels of productivity, profitability, and customer satisfaction. These findings reaffirm

that operational excellence is not just a back-office function but a key driver of strategic success in today's competitive business environment.



CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This chapter provides a summary of the study's findings, offers conclusions drawn from the results, and presents recommendations based on the research objectives and findings. The chapter also reflects on the limitations of the study and provides suggestions for future research. The focus of the study was to examine the influence of various strategic approaches on organizational performance, with specific emphasis on adaptive, innovative, competitive response, and operational strategies

5.1 Summary of Findings

The study found that adaptive strategies have a significant negative impact on organizational performance. This was shown by the regression results, where adaptive strategies (such as employees' ability to respond to challenges and adjust plans in real-time) did not produce the expected positive outcomes. While adaptive strategies are generally considered essential for organizations to remain flexible in dynamic environments, the study found that improper execution or misalignment with the broader organizational goals led to inefficiencies. Employees' inability to fully implement changes or the lack of necessary skills resulted in performance deterioration. These findings suggest that organizations should be cautious in implementing adaptive strategies, ensuring that they are not only reactive but also strategically aligned with the overall organizational vision.

The research revealed that while innovative strategies are crucial for long-term growth, their immediate impact on organizational performance was not statistically significant. Although respondents acknowledged the importance of technological adoption, such as digital currencies and big data analytics, the results indicated that these innovations did

not always lead to enhanced performance in the short term. This finding aligns with the view in existing literature that innovation alone does not guarantee organizational success. Factors such as organizational culture, resource allocation, and market readiness play an important role in determining the effectiveness of innovative strategies. Therefore, for innovation to lead to performance improvement, organizations must create an environment that supports its successful implementation and adoption.

The study found that competitive response strategies had the most significant positive effect on organizational performance. A strong correlation between competitive response and performance was established, confirming that organizations that strategically reduce operational costs, improve product quality, and enhance customer satisfaction tend to perform better. The results align with Porter's (1980) theory of competitive strategy, which suggests that an organization's ability to respond to market competition through cost leadership, differentiation, or focus strategies is key to gaining a competitive advantage. The study highlighted that effective competitive response strategies contributed directly to increased market share, customer loyalty, and profitability, making them a critical driver of organizational performance.

Operational strategies emerged as one of the most significant contributors to organizational performance. The study revealed that organizations that focused on operational excellence—such as having well-trained employees, optimizing processes, and maintaining a strong focus on customer demand—reported higher productivity, reduced costs, and improved customer satisfaction. This is consistent with existing research on the importance of operational strategies in fostering sustainable performance. Efficient operations are not only essential for achieving short-term goals but also for building a solid foundation for long-term success. The findings suggest that organizations

should continue to invest in optimizing their operations and employee training to maintain competitive advantage and improve performance.

5.2 Conclusions of the Study

Based on the findings, several key conclusions can be drawn:

1. The study concluded that adaptive strategies, while critical for ensuring flexibility and responsiveness to changing environments, do not necessarily translate into improved organizational performance. This is primarily due to challenges in effectively executing these strategies. While the ability to respond quickly to challenges is essential, the lack of alignment between adaptive strategies and the organization's broader objectives can result in inefficiencies. Thus, organizations must ensure that adaptive strategies are not only reactive but are also well-integrated into the overall strategic plan to enhance their positive impact on performance.
2. Innovative strategies are fundamental for long-term growth and competitiveness; however, the findings of this study indicate that their immediate impact on organizational performance may be limited. Although adopting technological innovations such as big data and digital currencies is vital for staying competitive, their short-term effects on performance are not always as pronounced. This highlights the importance of supporting innovation with a solid foundation in organizational culture, leadership, and resource allocation. Innovation must be strategically aligned with the organization's capabilities and market needs to achieve sustainable performance improvements.
3. Competitive response strategies emerged as the most significant contributor to organizational performance. The study concluded that organizations that

effectively reduce operational costs, improve product quality, and increase customer satisfaction are better positioned to outperform their competitors. Competitive strategies such as cost leadership, differentiation, and focus provide organizations with a strong competitive advantage, directly influencing profitability and market share. Therefore, it is essential for organizations to continuously assess and refine their competitive strategies to maintain their market position and achieve superior performance.

4. Operational strategies were found to have a profound positive effect on organizational performance. The study concluded that organizations that invest in efficient processes, employee training, and market trend monitoring are more likely to experience higher productivity, lower costs, and increased customer satisfaction. Operational excellence serves as the backbone of an organization's long-term success, enabling it to adapt to market changes and continuously deliver value to customers. Therefore, organizations must prioritize the development and implementation of strong operational strategies to ensure sustained growth and profitability.

5.3 Recommendations to the Study

From the study conclusion, the study recommends that;

1. Organizations should strengthen their ability to adapt by investing in staff training and ensuring flexibility in processes. Regular strategic reviews and environmental scanning should be conducted to remain responsive to market demands and external changes.

2. Firms should prioritize innovation by adopting modern technologies and encouraging a culture of creativity. Investment in research and development (R&D) is key to staying ahead in a competitive market.
3. To gain a competitive edge, organizations should improve product quality, reduce operational costs, and ensure faster delivery. Focus should also be placed on creating unique value propositions that attract and retain customers.
4. Organizations should enhance operational efficiency by recruiting skilled personnel and regularly updating practices to align with market trends. Continuous improvement and employee development should be emphasized to improve productivity and service delivery.

5.4 Recommendations for further

A longitudinal study could help understand the long-term effects of adaptive, innovative, competitive, and operational strategies on organizational performance over time.

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APPENDICES

Appendix I: Introduction Letter

Dear Respondent,

RE: INVOLVEMENT IN RESEARCH

I am a postgraduate student at Mount Kenya University (MKU), currently undertaking a research project titled "*Influence of Dynamic Strategy on Organizational Performance of Commercial Banks in Kenya*," as part of the requirements for my academic program.

I kindly invite you to take part in this study by completing the attached questionnaire.

Your input is highly valuable to the success of this research. Please be assured that all information you provide will be treated with strict confidentiality and used solely for academic purposes.

You are encouraged to respond to the questions honestly and without reservation. Your willingness to participate is greatly appreciated, and I sincerely thank you in advance for your support.

Appendix II: Consent Form

Dear Participant,

I'd like to ask you to take part in a research proposal called (**INFLUENCE OF DYNAMIC STRATEGY ON ORGANISATIONAL PERFORMANCE OF TIER I COMMERCIAL BANKS IN KENYA.**): I'm writing my master's proposal while I'm enrolled at Mount Kenya University's (MASTER OF BUSINESS ADMINISTRATION) program. The investigational goal of the study is to: (**The purpose of this study is to assess the influence of dynamic strategy on organisational performance of tier I Commercial Banks in Kenya..**)

Participation in this study is completely voluntary. You have the right to skip any questions you prefer not to answer or to leave the questionnaire incomplete. There are no known risks associated with participating in this research beyond those encountered in everyday life. All responses will remain confidential and anonymous. The information collected will be reported in summary form only, ensuring that individual answers cannot be traced back to any participant. Only the research team will have access to your specific responses. You won't directly gain anything by taking part in this study. However, you could find it fascinating to discuss the difficulties raised in the study, and it might also be helpful to the industry and to customers or other people in the future who have similar worries.

Please provide the most accurate responses you can to the questionnaire's questions if you accept to take part in this experiment. The completion time should be about seven minutes. To allow me to finish the project report, please return the questionnaire as soon as feasible.

Please feel free to contact the INVESTIGATOR if you have any queries regarding this proposal (Njoroge Mary Wanjiku and Dr Robert Obuba, PhD as the supervisor). Please contact the Ethics Review Committee, Mount Kenya University. P.O Box 342-01000-Thika. Email: cgsr@mku.ac.ke. Tel: 254709153000, if you have any inquiries concerning your rights as a study participant.

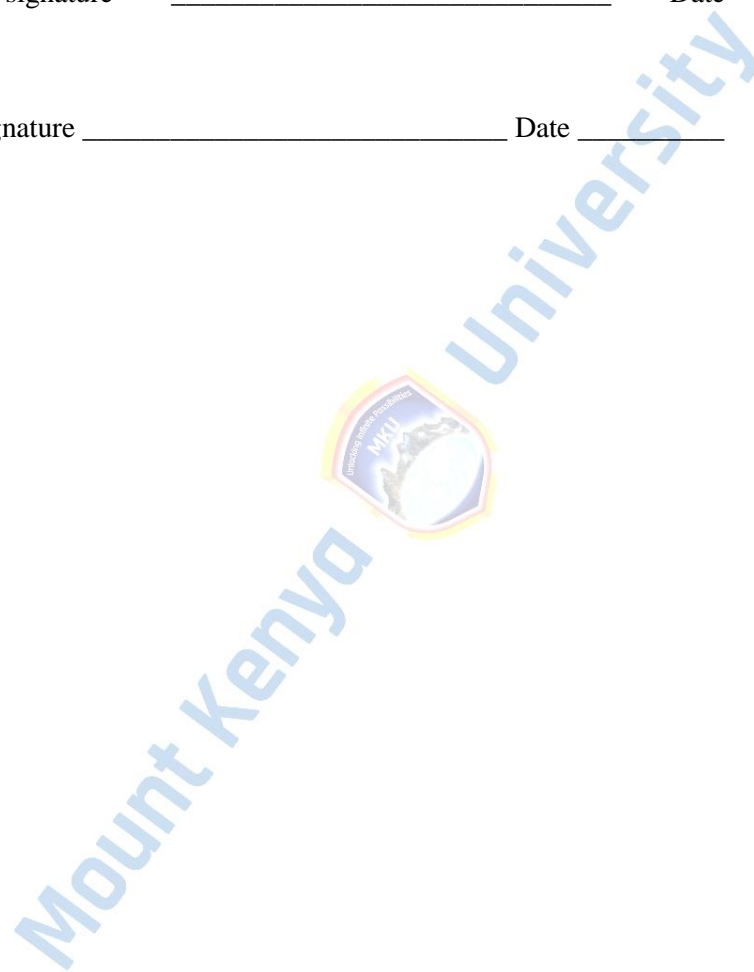
I appreciate your help with this crucial project.

CONSENT

I confirm that I have read and understood the information provided and have had the opportunity to ask any questions. I acknowledge that my participation is voluntary and that I can withdraw at any time, for any reason, without any penalty. I also acknowledge that I have received a copy of this consent form. By signing below, I willingly agree to take part in this research study.

Participant's signature _____ Date _____

Investigator's signature _____ Date _____



Appendix III: Questionnaire

This questionnaire seeks to collect information for an academic study on the **INFLUENCE OF DYNAMIC STRATEGY ON ORGANISATIONAL PERFORMANCE OF COMMERCIAL BANKS IN KENYA**. Please spare your time to fill this questionnaire in an honest manner. All responses provided was kept with utmost confidentiality and was published as anonymous data.

Please tick where appropriate or fill in the required information on the spaces

SECTION A: BACKGROUND INFORMATION

provided

- | | | | |
|----|----------------------------|------------------|-----|
| 1. | Gender | Male | () |
| | | Female | () |
| | | (a) 18-25 | () |
| | | (b) 26-35 | () |
| 2. | Age | (c) 36-45 | () |
| | | (d) 46-55 | () |
| | | (e) 56-& above | () |
| 3 | Highest Level of Education | (a) Primary | () |
| | | (b) High School | () |
| | | (c) Tertiary | () |
| | | (d) University | () |
| | | (e) Postgraduate | () |
| | | (a) 1-5 | () |

- 4 Length of Service (years) (b) 6-10 ()
- (c) 11-15 ()
- (d) Over 15 yrs ()

SECTION B: ADAPTIVE STRATEGY

5. Kindly tick the most appropriate response in relation with the adaptive strategy.

5=strongly agree, 4=agree, 3=Neutral, 2= disagree, 1=strongly disagree

ADAPTIVE STRATEGY	1	2	3	4	5
Employees effectively respond to challenges regarding business requirements					
Employees hired have the requisite knowledge, skills, abilities and personal attributes					
The management is able to change their plans and systems to match what the business needs at the moment					
Employees are able to change their plans and systems to match what the business needs at the moment					

SECTION B: INNOVATIVE STRATEGY

6. Kindly tick the most appropriate response in relation with the innovative strategy.

5=strongly agree, 4=agree, 3=Neutral, 2= disagree, 1=strongly disagree

INNOVATIVE STRATEGY	1	2	3	4	5

The bank has strategy for adopting the latest technological innovations					
The bank has adopted data driven product solutions.					
The bank has implemented the digital currencies to increase the competition.					
The bank uses contemporary technologies such as big data, artificial intelligence and internet of things (IoT)					

SECTION D: COMPETITIVE RESPONSE STRATEGY

7. Kindly tick the most appropriate response in relation with the competitive response strategy.

5=strongly agree, 4=agree, 3=Neutral, 2= disagree, 1=strongly disagree

COMPETITIVE RESPONSE STRATEGY	1	2	3	4	5
There is significant reduction on operational costs and profits maximization within the organization					
Improved product quality has led to increased customer satisfaction and attracted more.					
There is increased lead times on product development and delivery to customers thus fostering increased satisfaction and loyalty to the organization.					
Increased product flexibility and superior customer value delivery impacts positively towards organizational performance.					

SECTION E: OPERATIONAL STRATEGIES

8. Kindly tick the most appropriate response in relation with the operational strategies.

5=strongly agree, 4=agree, 3=Neutral, 2= disagree, 1=strongly disagree

OPERATIONAL STRATEGIES	1	2	3	4	5
There is a rich pool of well-trained staff with distinct core competencies tasked with work and production of quality output for the market.					
Specific practices such as mentoring, job assignments, networking and executive coaching have contributed to increased organizational performance					
Financial expertise in the organization have identified unique areas of excellence and developed strategic plans on how to utilize its competencies to improve performance					
The organization is continuously monitoring the market trends in order to supply the customers according to the current market demand to enhance customer sustainability and profitability.					

SECTION F: ORGANIZATIONAL PERFORMANCE

9. Kindly tick the most appropriate response in relation with the organizational performance.

5=strongly agree, 4=agree, 3=Neutral, 2= disagree, 1=strongly disagree

ORGANIZATIONAL PERFORMANCE	1	2	3	4	5

There is a significance increase in the rate of production in the organization by using operational strategies					
There is a notable increase in profit margins in the organization in the last two years.					
Organizational performance is ensured by the capital efficiency of the operational strategies employed.					
The organizations business and its branches are strategically located hence significant and superior market share					

THANK YOU FOR YOUR TIME AND CO-OPERATION.



Mount Kenya Univ

Appendix IV: ERC Letter



Appendix V: Introduction Letter



Appendix VI: NACOSTI Authorization



Appendix VII: Similarity Index

FIONA KAMUYU

INFLUENCE OF DYNAMIC STRATEGIES ON ORGANIZATIONAL PERFORMANCE OF TIER I COMMERCIAL BANKS IN KENYA

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109 Pages
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Mount Kenya University





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-  **428 Not Cited or Quoted 26%**
Matches with neither in-text citation nor quotation marks
-  **48 Missing Quotations 2%**
Matches that are still very similar to source material
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Top Sources

- 24%  Internet sources
- 12%  Publications
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Integrity Flags

0 Integrity Flags for Review

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