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Strategy Implementation Practices and Performance of Commercial Banks in Nakuru County

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ABSTRACT

Organizational performance entails recurring duties like establishing organizational goals, monitoring progress towards those objectives, and making modifications to enhance their accomplishment in a more efficient manner. Strategy implementation represents a significant phase within an organization; however, existing literature consistently underscores a notable failure rate in the implementation process across numerous organizations. The prevalence of poor performance in banks is attributed to issues such as inadequate coordination, suboptimal structural frameworks, and insufficient personnel proficiency in executing rebranding strategies. As a result, the goal of this study was to look into how Nakuru's commercial banks implemented their strategies and how well they did so. General Systems Theory, Contingency Theory, and Resource-Based Theory served as the study's guiding theories. The study targeted 108 workers from 24 commercial banks in Nakuru County using a descriptive survey research approach. A sample of 54 respondents was chosen using a stratified random selection procedure to assure representation. Structured questionnaires were used to obtain data, and they were chosen for their propensity to do so with little bias and mistake. Pilot research was done in Narok County commercial banks prior to the main investigation. The data was analysed using both descriptive and inferential statistics. Percentages, frequencies, measurements of central tendency (mean), and measures of dispersion (standard deviation) were examples of descriptive statistics. Correlations were used for inferential analysis of qualitative data. To analyse quantitative data, Version 25 of the Statistical Package for the Social Sciences (SPSS) was utilized. The study found that resources, organizational change, structure, and leadership significantly influence the performance of commercial banks in Nakuru CBD. Effective resource allocation, strategic change management, well-defined organizational structures, and strong leadership positively impact operational efficiency and overall performance. The study recommends investing in employee training, optimizing IT services, and aligning organizational structures with strategic goals. Further research should examine how organizational capabilities and market dynamics shape performance outcomes.

Key Words: *Strategy Implementation, Performance, Commercial Banks*

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1.0 Introduction

1.1 Background

The functioning of functional companies encompasses ongoing tasks, including setting goals, tracking progress towards these aims, and implementing adjustments to enhance their effectiveness and efficiency in achieving success (Miller, 2019). In order to maintain financial significance and cater to the diverse needs of stakeholders, an organization must remain relevant and financially viable for those stakeholders. Despite varying local and global fluctuations, the banking sector of Kenya has displayed resilience (Ndung'u, 2019). The process of implementing strategy encompasses the thorough translation of strategies into specific actions aimed at attaining organizational goals. The execution of a strategy holds equal importance to its creation (Olsen, 2018). However, many businesses struggle to put their plans into action, which leaves them with a lackluster achievement of their aims and objectives (Abashe, 2016). The internal and external company environments are both important for the success of strategy implementation (Kihara, 2017). The attainment of the established organizational objectives and goals is the main purpose of every corporation. Performance of finances, as precisely accounted by quantitative indicators like financial gain and the durability of expansion patterns, is a key criterion for assessing corporate success (Ehiedu, 2015).

As stated by Alexander (2016), common issues in strategic implementation include underestimation of required execution time, unexpected significant challenges, and unfavorable impacts from uncontrollable external factors. Business organizations should primarily strive to gain an edge in competition and improve effectiveness of the organization in comparison to rival firms. (Kinyoe, 2012). Otley (2014) asserts that the execution of organizational strategy must be effective. This definition makes it evident that the multitude of organizational operations linked with policy implementation exists in close association. Managers must comprehend the aspects that contribute to performance because it has several facets (Robbins & Coulter, 2012). Performance, according to Abdi and Kinyua (2018), shows a company's capacity to carry out its goal through efficient management procedures, solid governance, and a steadfast dedication to the intended results. The importance of financial performance for each bank extends beyond funding-related activities to encompass functions related to finance. As argued by Abesiga et al. (2019), improving financial performance holds a central role in any organization's strategy. Madueke & Kamala (2016) stress that it includes an organization's financial goals and helps managers monitor financial achievements and shareholder value.

Financial and non-financial standards are equally important for assessing organizational success. Qualitative measurements that are not dependent on monetary values are included in non-financial metrics. According to Muchhal (2018), depending simply on financial measures doesn't give a whole picture of a firm. Non-financial measures of success include those that relate to personnel performance, branch network, and customer happiness. The balanced scorecard method has grown in popularity as a tool for monitoring achievement recently. Balanced scorecards rate performance in four key areas: excellent customer service, internal procedures, financial performance, and learning and development. Kenya's commercial banks have consistently delivered favorable results. The pre-tax profits of the banking sector saw an increase in the first quarter of 2015, surging to Ksh 37.3 billion. This marked a 2.7% uptick from the Ksh 36.32 billion reported in the fourth quarter of 2014 (CBK, 2015). Significantly, the sector's profitability showed a remarkable increase, climbing from Ksh 33 billion (March 2014) to Ksh 37 billion (March 2015), reflecting an 11.7% growth. These findings align with previous data (CBK, 2015).The Kenyan banking sector has net assets of 3.37 trillion shillings as of March 31, 2015, loans and advances of 2.04 trillion shillings, a deposit base of 2.41 trillion shillings, and a pre-tax profit of 37.3 billion shillings. Therefore, there were 29,714,738 deposit and loan accounts owned by bank customers.

In order to accomplish organizational goals, a strategy must be translated into particular activities. As a result, developing a plan and putting it into action are equally important (Olsen, 2018). However, many businesses have trouble putting their plans into practice, which results in the poor achievement of organizational objectives (Abashe, 2016). The internal and external components of a firm's environment are crucial for the effectiveness of strategy execution (Kihara, 2017). The process of putting a strategy into action aims to realize desired goals. The strategic plan itself is a comprehensive document outlining necessary or ideal steps and processes to achieve organizational goals. It includes reports, feedback, and progress tracking to ensure the plan remains on track (Loretta 2018). This idea entails making use of all available resources inside a company to accomplish its goals (Abashe, 2016). Radomska (2019) makes a distinction between formulation and implementation in strategy, claiming that formulation establishes the firm's course while implementation acts as a road map to get there and frequently involves more difficult execution.

Strategic choices cover a wide range of topics, including those needing top-level management, requiring a lot of resources, and those affecting the company's long-term success. These choices are future-focused, have implications across many functional areas or businesses, and take the surrounding environment into account (Goncalves & Porter, 2018). These decisions have a big influence on an organization's success or failure, thus they need to be carefully chosen. Particularly tempting in many markets is the banking sector. New players are entering developing markets as a result of trade liberalization, free markets, and globalization (Sidana, 2017). Banks thus fight for a little market share. Taylor and Francis (2016) conducted research on cross-border banking strategies using data from the top 60 banks worldwide. The results showed that these banks frequently focus on nations or areas with shared cultures or economies. Most of them were more concerned with becoming global in scope than international. A research in the realm of competition, innovation plays a crucial role at online and mobile banking in Paris was done by Mariotto and Verdier in 2015. Their findings revealed that by expanding the current framework of industrial organization literature, it would be possible to strike a balance between stability and competitiveness in the banking sector.

Ovidu, Anca, Razvan, and Catalian (2019) discovered a link between Porter's Generic Competitive Strategies and a firm's edge in rivalry in the Romanian banking market. Customer satisfaction was primarily influenced by differentiation initiatives. The study, however, suggested that surpassing consumer expectations, rather than simply meeting them, is critical for keeping a favorable image. Ebimobowei (2011) investigated customer service techniques and bank survival in post-merger Nigeria on a continental scale. In the Nigerian banking business, the research revealed a significant association between effectiveness and strategies for enhancing service to customers, as well as between regulations of government and plans of customer service. Pursuing innovation and market differentiation at a similar period resulted in a higher edge in rivalry and increased organizational performance (Diris, Iyiola, & Ibidunni, 2013).

In Kenya, several studies have investigated the strategic responses firms adopt to gain a competitive edge in various contexts. For example, Thunarina (2012) examined response strategies by Kenyan commercial banks to economic changes, highlighting retrenchment strategies involving cost reduction and divestment of non-core assets. Similarly, Mwaniki (2015) investigated the Kenya Red Cross Society's strategic approaches to a tumultuous operating environment and performance. The findings revealed that KRCS uses the balanced scorecard as a performance monitoring tool to reduce environmental influences and match its actions with goals.

The sector of banking in Kenya is made up of 44 banks, 9 microfinance organizations, 2 credit comparison firms, 87 foreign exchange bureaus, 8 foreign bank representative offices, 13 money remittance companies, and the central bank, which acts as the industry's regulator. The industry performed better in 2014 compared to 2013. Consumer deposits surged by 18.65 percent, while total net assets expanded considerably by 18.5 percent. The cause of this development in 2014 was increased loan demand. Due to their expanded outreach and service networks for the underserved market, banks also mobilized additional deposits (CBK, 2014). The banking industry is becoming more competitive, which lessens its appeal and lowers the profitability of its players. In order to swiftly respond to both anticipated and actual changes in the competitive landscape, banks must have a proactive mindset and establish strategies (Johnson & Scholes, 2018). For banks to effectively manage market dynamics and compete, they are presently concentrating on creating a competitive advantage. Their primary focus is on leveraging the competitive advantages they possess, identifying their core competencies, and utilizing those advantages to outperform competitors (Pearce & Robinson, 2005). As they require managing relationships across the organization's value chain and interacting with supply and distribution networks, core competences are more resilient and challenging to duplicate (Johnson and Scholes, 2018).

1.2 Statement of the Problem

Within an organization, a implementation of approach is extremely important. However, research in the field suggests that most businesses have a considerable failure rate in the implementation phase (Njagi & Kombo, 2014). 60% to 80% of businesses globally, according to Kihara (2017), are excellent at establishing their ideas but have trouble putting them into action. However, according to experts like Rajasekar (2014) and Cândido and Santos (2015), between 30% and 90% of strategies fail to be implemented. According to Elbanna, Andrews, and Pollanen (2016), effective execution of a strategy is directly associated to enhance organizational performance. In Kenya's banking industry, particularly among commercial banks, this component is still largely unexplored despite the rising interest in the factors that influence strategy execution. Therefore, closing this gap is the main goal of this work.

In his research, Kariuki (2020) identified that banks exhibit poor financial performance and consequently recommended adopting strategic implementation practices to enhance financial outcomes. Traditionally, organizational performance relied on metrics related to finance include cash flow, return on investment, return on capital employed, and outcomes of finance. However, such conventional measurement systems disregarded the value of strategic planning, which is increasingly vital in our knowledge-based economy (Maduekwe & Kamala, 2019). The bankruptcy of Chase and Imperial Banks in the same year demonstrated the Kenyan banking system's financial performance concerns (Murinde, 2016). According to CBK (2017), various Kenyan banks are suffering financial stability issues, which are causing core capital, asset base, and profitability levels to erode.

According to Messis (2016), the National Bank of Kenya's poor performance was caused by a lack of coordination, a poor structure, and individuals with insufficient rebranding skills. According to Kibet and Sile (2017), ethos of a company and staff competency had a genuine influence on the execution of assessing creditworthiness, assisting Kenya Women Fund Trust (KWFT), now known as Kenya Women Microfinance Bank, in attaining good financial outcomes. In the study conducted by Kimeu and Maina (2018), it was discovered that the performance of commercial banks in Machakos County during the execution of their plans was positively impacted by resource mobilization, communication, and monitoring. However, it's important to note that none of these prior investigations delved into the financial well-being of these banks. Therefore, the primary objective of this study is to explore the implementation of a strategic process and its impact on the performance of commercial banks in Nakuru.

1.3 Objective of the Study

Evaluating strategy implementation practices their effect on performance of commercial banks in in Nakuru County was the overarching objective of this study.

2.0 Literature Review

2.1 Theoretical Literature Review

2.1.1 The General Systems Theory

Chen and Stoup (1993), Austrian scientist Ludwig von Bertalanffy's work in the 1930s is what gave rise to the General Systems Theory (GST). This theory focuses on examining a system's structure and characteristics by taking into account the connections and links between its numerous parts, which together give rise to the characteristics of the system. The theory also takes an interpretation of the universe that emphasizes the concept of organization and places a heavy focus on interconnections and integration. A system, according to Bank, Carson, and Nelson (1996), is a collection of pieces that are tightly linked by regular dependencies or interactions and all work toward the same goal. According to this notion, a system consists of various components of multiple pieces that collaborate together in an orderly manner to achieve a single goal. Entities, which are the system's items of significance, attributes, which represent the distinguishing characteristics of these entities, states, which reflect the system's overall variables of description at a specific period, ongoing tasks, and occurrences, which have the ability to alter the structure's condition, are among these system components.

According to systems theory, meticulous coordination and harmonic interactions between the many components of an organization are necessary for the efficient execution of strategies. Creating appropriate systems and making sure the engaged involvement of additional subsystems—such as social-technical elements together with human resources, and subsystems of information—prove essential for successful strategy execution. Relying solely on the leadership component within an organization may not be sufficient for this. Additionally, firms must continue to connect with their dynamic environment in order to obtain the resources required for successful plan implementation. All of the factors evaluated in this exploration, leaving out the strategic direction of the firm, are based on the systems theory framework.

2.1.2 Contingency Theory

The theory of contingency, as introduced by Fiedler (1964), contend that the layout of an organizational structure is dependent on factors such as environmental circumstances, technical features, and operational scope (Cole, 2002). To support positive organizational growth, it is critical to connect the firm's strategy with its surroundings. This alignment between strategy and environment, according to contingency theorists, is dependent on the current conditions of external surroundings, the scale of operations or technology (Bowen & Bhagrava, 2003). However, the external environment includes the greater society that suppliers and customers are derived from. Organizational structure is one of the study's key determinants. The research emphasizes the need of giving careful thought to how pre-existing structures, processes, and control mechanisms affect the application of strategy. A well-defined organizational structure also improves the organization's agility in responding to strategic changes, according to contingency theory. As a result, the organizational structure should be flexible enough to conform to changing operational needs, providing an efficient framework that encourages corporate expansion. This theory was extremely valuable in analyzing the complex connection between ethos of company and the effectiveness of execution of strategy.

2.1.3 Resource Based Theory

The Resource-Based View (RBV) hypothesis was developed by Barney (1991). Modern competitive firms use this theory to create, implement, and manage strategies in today's changing business environment. The crux of this theory lies in its assertion that a firm's competitive advantage can be achieved through a thorough analysis and recognition of its unique blend of assets, skills, capabilities, and intangible factors, which provide the firm with a competitive edge. The continuity of a company's competitive strength relies on its distinct resources, including factors like employee skills, technological infrastructure, customer cultivation, and innovative product generation

Moreover, this theory posits that the outcomes of firm-specific resources and capabilities significantly impact competitive advantage and performance. To maintain a competitive edge, each company should strive to formulate strategies that are valuable, effective, and challenging to emulate, as rival replication would come at a considerable cost (Kariuki, 2014). This study particularly emphasizes the significance of the resource-based theory, which remains a prominent theoretical framework for assessing strategy and resource efficacy. Nonetheless, it has not evaded criticism from scholars, with some arguing its ineffectiveness due to its emphasis on internal skills and resources within a firm (Hooley, 2016). The direct purpose of this theory in relation to the investigation stems from the fact that organizations possess an array of resources and capabilities encompassing organizational resources, change, structure, and leadership. Exploiting these resources can translate into strategic advantage, ensuring sustained performance and above-average profits.

2.2 Empirical Literature Review

In a study addressing the significance of strategic flexibility in the selection of turnaround strategies, Kazozcu (2017) concluded that companies capable of extracting above-average utility value from their assets, whether financial or physical, are well-positioned to utilize these resources for a competitive advantage, with minimal risk of duplication. The study highlights the importance of prioritizing an organization's long-term resources and strategic flexibility to capitalize on emerging opportunities. Physical resources encompass elements such as land, buildings (size, location), plant, equipment, machinery, and technologically advanced tools, while financial resources refer to the effective utilization of financial assets to enhance revenue (Inmyxai and Takahashi, 2018). In addition, Sadiq (2019) performed study to ascertain how Kenya's water service boards would adopt a resource allocation approach. The study utilized descriptive and correlational methodologies on personnel at the water services board. A size of the sample of 150 employees was selected by employing a process of stratified random sampling. The findings indicated that strategic personnel, strategic financial resources, strategic infrastructure, and strategic technological deployment all had a positive influence on strategy implementation within water service boards. It’s crucial to highlight that the exploration only considered Kenya's water boards, which have distinct objectives, organizations, and operating procedures from those of banks in the commercial sector.

Okenda et al.(2017) conducted a study to examine how changes impact organizational performance within Nairobi's Ministry of Environment, Water, and Natural Resources. Their research involved 1035 employees, from which 104 respondents were chosen through stratified random sampling, considering variables like age, gender, education, and professional level. Data collection employed questionnaires with predetermined inquiries. The findings indicated that alterations driven by leadership in information systems, organizational structure, and size influenced performance. Nyandoro (2015) precisely measured the relationship between approaches of managing change and Kenyan commercial bank effectiveness. According to the research, governance within corporations, planning strategically, dedicated guidance, and good stakeholder communication all contributed to bank success. Ng'eno (2012) investigated the relationship between strategic change management approaches and effectiveness of the company at KCB. According to the research, following these principles resulted in improved performance, including cost savings, better customer service, greater deposits, and more employee productivity.

Wu et al. (2015) investigated the chained link between construct and organizational performance in a research backed by data from China and Austria, with an emphasis on learning within the organization and innovation.. The findings highlight the relevance of how an organization's structure affects its success. While organizational structure had a minimal influence on originality, it exerted a substantial influence on organizational learning, subsequently affecting overall performance. The investigation had final thought that a distinct connection between company structure and effectiveness. Furthermore, the study found that structure affected organizational performance in Austria in a more dramatic way, with both managerial and technology innovation. Management innovation, on the other hand, was less substantial in China.

Katsaros and Tsirikas (2020) discovered within Greek shipping firms that democratic, laissez-faire, and transformational leadership styles positively correlated with firm financial performance, whereas the autocratic style had a negative association. This trend resulted from the fact that transformational, democratic, and laissez-faire styles fostered employee creativity and innovation. This aligns with Amin, Durmaz, and Demir's (2021) findings that leaders exhibiting transformational, ethical, and spiritual leadership effectively improved employee performance and public trust in government-owned institutions in Kurdistan, Iraq. These findings, spanning different continents and sectors, indicate the influence of leadership on financial performance, with various styles yielding distinct impacts. Consequently, exploring these dynamics in alternative sectors, countries, and timeframes is essential.

Bodhankar and Modi (2018) discuss Lewin and Lippit's (1938) autocratic, bureaucratic, democratic, and laissez-faire leadership styles. Autocratic leaders exert authority without consulting followers, relying on structured rewards and punishments. Bureaucratic leaders adhere strictly to policies, referring exceptions to higher authorities. Democratic leaders engage followers in decision-making, sharing information openly. Laissez-faire leaders provide minimal direction, trusting individuals to act independently. Unlike task and relationship behaviors, autocratic and bureaucratic leaders lean toward task orientation, while democratic leaders emphasize relationships. Laissez-faire leaders may not align with either, favoring a hands-off approach.

Ford and Schellenberg (2018) examined performance measurement and found three main viewpoints in the literature on organizational performance. The original viewpoint, known as the goal-oriented approach, makes the assumption that companies work toward clearly stated and observable objectives. In this situation, success in fulfilling these goals is what defines performance. The second viewpoint, known as the systems resource approach, emphasizes the relationship between the organization and its environment. Within this paradigm, an organization's performance is influenced by its capacity to get scarce and priceless resources. The third viewpoint, known as the process approach, defines performance in terms of the actions taken by the members of the company.

Through their work on the "Balanced Scorecard," a widely adopted managerial paradigm, Kaplan and Norton (2017) delved into performance assessment. This approach offers the financial, customer-focused, internal analytical, and innovative performance aspects. The financial viewpoint focuses on the main economic forces that support shareholder wealth and profitability. Deconstructing return on equity, a standard depiction of capital return, into its component ratios is a frequent analytical strategy (Slater et al., 2011).

3.0 Methods

The investigation utilized a descriptive inspection methodology. This method worked well for learning about people's attitudes, beliefs, behaviors, or societal issues (Kombo & Tromp, 2006). The descriptive technique, as described by Mugenda and Mugenda (2003), entailed gathering information to respond to questions concerning the present situation of the issue under inquiry. This approach made it easier to reach quick judgments. The descriptive research approach also permitted the inclusion of qualitative and quantitative data, facilitating the discovery of specifics and qualities pertaining to the population or topic under study. Through the advantage purpose of the well detailed survey, the researcher effectively gathered, condensed, presented, and interpreted information to enhance understanding, all while observing subjects within their natural contexts.

In line with Mugenda (2003), the term "target population" pertained to a cohesive assemblage of individuals, events, or objects sharing an observable trait, or the complete compilation of elements from which a researcher intended to derive certain inferences. The intended participants encompassed 108 personnel across 24 commercial banks within Nakuru County. This research concentrated on senior staff affiliated with Equity Bank and Kenya Commercial Bank, spanning Nakuru Township, Gilgil, Naivasha, and Molo Sub-counties. The specific focus was on branch managers, their operational manager counterparts, and departmental heads. The researcher utilized stratified arbitrary selection to choose a subset of 54 people from the 108 people stated before. This sampling strategy was particularly useful when there was a lack of homogeneity in the region of interest, as was the case in this instance. Staff members were categorized or divided into smaller groups by the researcher.

The gathered data in quantitative form for the investigation was postulated using SPSS version 25 of the statistical software for sciences in the social field. The research involved both inferential and well-detailed statistical approaches. Frequencies, percentages, central tendency measures (mean), and dispersion metrics (standard deviation) were examples of descriptive statistics. The study used inferential statistics to analyze qualitative data, with a focus on correlation. In their work from Johnson and Christensen (2012) recommend that similar studies to this employ regression analysis to evaluate the interrelationship between a solitary variable of dependence and multiple independent variables. The information under review was shown using tables, pie charts, and bar charts. This selection of visual aids was crucial since it increased consumers' interpretation and comprehension of the research findings.

4.0 Results

There was an assessment on the impact of resources, organizational change, construct of the company, and organizational leadership on the effectiveness of banks in the commercial sector in Nakuru CBD. Employing several ways of analysis of regression and Analysis of Variance (ANOVA), the study explored the collective impact of these factors on the effectiveness of the banks in the region

Table 1: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.7563	0.57199	0.52761	2.56741

R-squared represents the proportion of variance in the variable of dependent that can be accounted for by the independent associations. In this study, the R-squared value was 0.572, indicating that the four independent variables—resources, organizational change, organizational structure, and organizational leadership—explain 57.2% of the effectiveness of banks in the commercial sector in Nakuru, while the remaining 42.8% is attributed to other factors.

Table 2: Analysis of Variance

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1.308	4	0.327	2.146	0.090
	Residual	7.013	46	0.152		

Total	8.322	50

Source: Field Data (2024)

In this study, a deeper look into variance was conducted to evaluate the suitability of the model for the gathered information. The findings revealed a p-value of 0.090, which exceeds the 0.05 threshold, suggesting that the representative is effective in predicting the impact of the four independent variables—resources, company change, structure of the organization, and organizational leadership—on the effectiveness of banks in the commercial sector. Furthermore, the F-calculated score of 2.146 was vaster than the F-critical value, confirming that the model accurately predicts the impact of these independent factors on the dependent factors.

Table 3 Regression Coefficients

		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		Beta	Std. Error	Beta		
1	(Constant)	2.463	.762		3.233	.002
	Resources	.044	.091	.066	0.483	.006
	Organization Change	.009	.102	.012	0.085	.009
	Organization Structure	.015	.094	.023	0.161	.008
	Organization Leadership	.297	.110	.380	2.702	.001

a. Dependent Variable: performance of commercial banks in Nakuru.

Source: Field Data (2024)

Ho1: Resources on the effectiveness of banks in the commercial sector in Nakuru CBD

The outcomes indicate a symbolic positive connection between the impact of resources and the effectiveness of banks in the commercial sector in Nakuru CBD, as disclosed by a coefficient of regression of 0.044. With a p-value of 0.006, which is below the significance level of 0.05, the null hypothesis is rejected. Thus, it can be assured that resources have a positive and significant effect on the effectiveness of banks in the commercial sector in Nakuru CBD.

Ho2: Organization Change has no statistically significant effect on the effectiveness of banks in the commercial sector in Nakuru CBD

The outcomes suggest a strong positive link between organizational changes and the effectiveness of banks in the commercial sector, demonstrated by a regression coefficient of 0.009. Since the p-value of 0.009 is below the significance threshold of 0.05, we reject the null hypothesis. This leads to the testimony that organizational change emphatically and substantially impacts the effectiveness of banks in the commercial sector in Nakuru CBD.

Ho3: Organization structure has no statistically significant effect on the effectiveness of banks in the commercial sector in Nakuru CBD

The outcomes also demonstrate a significant positive association between organizational structures and the effectiveness of banks in the commercial sector in Nakuru CBD, as captured by a regression coefficient of 0.015. The p-value of 0.008 is lower than the significance level of 0.05. Consequently, the null hypothesis is rejected, leading to the conclusion that organizational structure has a positive and significant impact on the effectiveness of banks in the commercial sector in Nakuru CBD.

H_{O4}: Organization leadership has no statistically significant effect on the effectiveness of banks in the commercial sector in Nakuru CBD

The findings further reveal a direct relationship is observed between organizational leadership and the effectiveness of banks in the commercial sector in Nakuru CBD, indicated by a regression coefficient of 0.297. Since the p-value of 0.001 is below the relevant threshold of 0.05, the null hypothesis is rejected. Thus, it can be finalized that organizational leadership has a positive and significant impact on the effectiveness of banks in the commercial sector in Nakuru CBD.

5.0 Conclusions and Recommendations

5.1 Conclusions

The researcher concluded from the study's findings that human resource practices, through the improvement and oversight of performance, serve as a foundation for long-term competitive advantage. Human resource strategies have not only driven sales growth but also contributed to the organization's revenue expansion. The availability of sufficient ICT resources has further enhanced organizational performance. For the second objective, the researcher determined that the bank's performance has benefited from strategic change management practices. These change initiatives have led to reduced costs and increased profitability. Bank leaders create a sense of urgency among employees to underscore the importance of change. Furthermore, the bank supports talent management and employee growth through a well-structured system and policies. Training prompted by organizational changes has also played a key role in improving the bank's performance.

Regarding the third objective, the researcher concluded that strategic structural changes are essential for enhancing the performance of commercial banks. The bank's strategic goals are shaped by the moves of its competitors, which, in turn, influence its organizational structure. However, the structure itself did not have a direct impact on either financial or non-financial performance, though it remains well-defined. In conclusion, the researcher found that organizational leadership effectively delegates authority and responsibility. The leadership involves all employees in brainstorming sessions and strategy development. Supervisors guide, support, and direct the methods and functions of work. Those in leadership positions also play a crucial role in decision-making, providing strategic direction that helps the organization meet its set goals.

5.2 Recommendations

The study highlights that one of the key methods to reduce labor turnover in the industry is by focusing on hiring and properly training the right individuals. When organizations invest in attracting and developing employees who are well-suited for the job, these workers tend to exhibit higher levels of commitment and loyalty to their employers. This, in turn, reduces the frequency of staff turnover, which is often costly and disruptive for companies. To build a workforce that is both stable and productive, it is essential for firms to prioritize not only the recruitment process but also ongoing training and development to nurture talent and foster long-term dedication. Furthermore, the study stresses the importance of establishing comprehensive measures to guarantee the proper adherence and implementation of IT service management policies. Complex and efficient IT service management is critical for modern businesses, particularly those in sectors where technology plays a pivotal role in operations. Organizations must ensure that all IT service management practices are up-to-date, efficient, and aligned with the company's overall strategy. Upper management, especially executives, must ensure that service level agreements (SLAs) are closely monitored and strictly followed to maintain high standards of service delivery and avoid any potential breaches that could harm customer relationships or business operations.

The research also emphasizes that performance within an organization can be significantly enhanced through the development of well-structured strategic plans. Having a solid strategic plan allows companies to align their resources and efforts in a way that maximizes their potential for success. Therefore, for Kenya Commercial Bank (KCB) to improve its capacity to make informed and effective strategic decisions, it is imperative that management conducts a comprehensive environmental scan. This involves thoroughly analyzing both internal and external factors that could impact the bank's ability to reach its objectives. By understanding the market environment, competition, customer needs, and potential risks, KCB can position itself to capitalize on opportunities while mitigating threats, ultimately leading to improved performance and long-term growth.

Moreover, the study suggests that when corporate leaders are designing an organizational structure aimed at achieving strategic goals, it is important to consider several critical factors. Elements such as the size of the organization, the level of formalization (the extent to which rules and procedures govern operations), complexity (the degree of differentiation and specialization within the organization), and centralization (the concentration of decision-making authority) should be carefully evaluated. These factors have a profound impact on a company's financial performance, as they influence how effectively an organization can execute its strategy. An organizational structure that aligns with the company's strategic goals and operational needs is more likely to foster efficiency, innovation, and financial success.

Lastly, the researcher underscores the importance of businesses fully understanding their core capabilities in order to gain and maintain a sustained competitive advantage. This means that companies must not only be aware of their strengths but also continuously work to enhance them. In the context of banks, employees should be trained in their core competencies as part of a broader strategy to improve overall organizational performance. This kind of training equips employees with the necessary skills and knowledge to excel in their roles and contribute more effectively to the company's objectives. By focusing on core skills development, banks can create a more capable and competitive workforce, which will, in turn, lead to better service delivery, enhanced customer satisfaction, and stronger financial results.

In conclusion, the study suggests that organizations, particularly in the banking sector, must take a holistic approach to improving performance by focusing on several key areas: reducing labor turnover through effective recruitment and training, ensuring the proper implementation of IT service management policies, developing strategic plans based on environmental scans, designing organizational structures that support strategic goals, and investing in employee training to build core competencies. By addressing these areas, firms can position themselves for long-term success and sustained competitive advantage in an increasingly competitive market.

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