CHANGE MANAGEMENT STRATEGIES AND PERFORMANCE OF COMMERCIAL BANKS IN KENYA

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DECLARATION

I, the undersigned, declare that this research thesis is my original work and that it has not been submitted in any other university or institution for examination.

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ABSTRACT

The performance of commercial banks in Kenya between 2020 and 2025 has been unstable, with fluctuating returns on investment, declining market share, low levels of client satisfaction, and rising credit risk. These challenges have raised concerns about whether structured change management strategies can enhance stability and performance in the banking sector. The objective of this study was to evaluate the effect of structured change management strategies on the performance of commercial banks in Kenya. Specifically, the study examined the effects of environmental assessment, employee engagement, learning culture, and monitoring and control on bank performance. The study was guided by Kotter's 8-Step Change Model and supported by the Contingency Theory, Organizational Learning Theory, Resource-Based View (RBV), and Control Theory. A descriptive cross-sectional research design was adopted, targeting all 38 licensed commercial banks in Kenya. Data were collected through structured questionnaires administered to Heads of Operations and Strategy Managers. Reliability of the research instrument was confirmed with Cronbach's Alpha coefficients above 0.7. Data were analysed using SPSS version 28, with diagnostic tests confirming normality, absence of multicollinearity (VIF < 2), and homoscedasticity. The regression analysis revealed that the four change management strategies explained 83.7% of the variance in bank performance ($R^2 = 0.837$; Adjusted $R^2 = 0.828$). Monitoring and control emerged as the strongest and statistically significant predictor (B = 0.335, p = 0.008). Environmental assessment had a positive but statistically insignificant effect (B = 0.263, p = 0.082), while employee engagement (B = -0.047, p = 0.789) and learning culture (B = -0.087, p = 0.685) showed negative and insignificant effects. The findings indicate that the performance of commercial banks in Kenya, particularly in terms of operational efficiency, competitiveness, and customer satisfaction, can be significantly improved by employing structured change management strategies, with monitoring and control playing the most critical role. The study contributes empirical evidence to policymakers, bank managers, and change managers on the importance of structured change approaches in navigating financial sector uncertainties. Ethical standards, including informed consent, voluntary participation, and confidentiality, were observed throughout the research process.

DEDICATION

I dedicate this research thesis to Almighty God, whose grace, wisdom, and strength have guided me through every step of this journey.

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ABBREVIATIONS AND ACRONYMS

APLS	Application programming interfaces
ANOVA	Analysis of Variance
CEOs	Chief Executive Officers
COSO	Committee of Sponsoring Organizations of the Commission
CAR	Capital Adequacy Ratio
CBN	Central Bank of Nigeria
CBK	Central Bank Kenya
CBZ	Central Bank Zimbabwe
CUEA	Catholic University of Eastern Africa
DFCU	Development Finance Company of Uganda.
ERM	Enterprise Risk Management
GTCO	Guaranty Trust Holding Company**.**
GDP	Gross Domestic Product
GLS	Generalized Least Squares
HSBC	Hongkong and Shanghai Banking Corporation**.**
IT	Information Technology
KPIS	Key Performance Indicators
KBA	Kenya Bankers Association
MSP	Market Share Price
MANCOVA	Multivariate Analysis of Covariance
NPL	Non-Performing Loan
NSE	Nairobi Securities Exchange
PESTEL	Polical Economic Social Technological Environmental Legal
PLS-SEM	Partial Least Squares Structure Equation Modelling
ROI	Return On Investment

ROA	Return On Assets
ROE	Return On Equity
RBV	Resource Based View
SMES	Small and Medium-sized Enterprises.
SACCOS	Savings and Credit Cooperative Societies**.**
SPSS	Statistical Package for The Social Sciences
SWOT	Strengthen Weakness Opportunity Threat
SEM	Structural Equation Modelling
US	United State
VIF	Variance Inflation Factor
VRIN	Valuable Rare Inimitable and Non-Substitutable
ZSE	Zimbabwe Stock Exchange

OPERATIONAL DEFINITION OF KEY TERMS

Change Management Strategies: In this study, change management strategies refer to structured processes used by commercial banks to guide transitions from current to desired states. These strategies rely on models such as Kotter's 8-Step Model and Lewin's Framework to minimize resistance and enhance adaptability in achieving organizational goals (Hayes, 2022).

Performance: In this study, performance refers to how well commercial banks achieve strategic outcomes, measured by market share, return on investment (ROI), and client satisfaction (Ehteshamnejad & Pakzad, 2023).

Commercial banks: In this study, commercial banks are financial institutions listed on the Nairobi Securities Exchange and regulated by Kenya's financial authorities. They offer deposit, loan, and payment services to support economic stability and ROI (Omondi, 2025).

Environmental Assessment: In this study, environmental assessment refers to the ongoing review of internal and external factors that influence the strategic direction of commercial banks, helping them remain responsive to market, regulatory, and technological changes (Burnes, 2020; Hayes, 2022; Senior & Swailes, 2020).

Employee Engagement. In this study, employee engagement refers to the commitment of commercial bank employees to institutional goals, reflected in their support for strategic vision, involvement in decisions, and contribution to change and performance outcomes (Cameron & Green, 2020; By, 2021).

Learning Culture: In this study, learning culture refers to the extent to which commercial banks promote continuous learning, staff development, and knowledge sharing to enhance innovation and adaptability (Schein, 2021; Watkins & Marsick, 2023).

Monitoring and Control: In this study, monitoring and control refer to oversight activities that help commercial banks track progress, enforce compliance, and ensure alignment with strategic goals during change processes (Kotter, 2022; Cameron & Green, 2020).

CHAPTER ONE

1.0 INTRODUCTION

1.1. Background of the Study

The change management strategies are essential in the current dynamic financial environment where organizations depend on change to ensure their survival and performance especially in commercial banks. Banks face constant pressure from economic volatility, technological disruption, shifting regulatory frameworks, and growing customer expectations. To remain competitive, commercial banks must adapt through transformational strategies such as digital transformation, mergers and acquisitions, and continuous process improvement (Chol et al., 2020; Ng et al., 2024). These strategies are necessary not only to respond to external pressures but also to sustain growth and institutional relevance amid intensified competition and stakeholder scrutiny (Aduku et al., 2021).

The importance of managing change is also being understood as a planned, systematized process that imparts capability to institutions to move out of existing situation to the desired future state. Through the alignment of organizational structures, workflows, and employee engagement, banks can enhance their responsiveness to disruptions. Successful implementation fosters innovation and institutional agility two enablers of high performance in the financial sector (Kotter, 2022; Cameron & Green, 2020). Conversely, failure to manage change effectively can lead to operational inefficiencies, employee resistance, and stakeholder disillusionment, thereby undermining competitiveness and financial sustainability.

Empirical studies, such as those involving Business Process Reengineering (BPR) in Ethiopia, demonstrate that tailored, context-specific change strategies can result in measurable performance improvements over time (Paoloni et al., 2020). The effectiveness of such strategies is often measured through key performance indicators (KPIs) such as return

on investment (ROI), market share, and customer satisfaction metrics that provide a tangible link between strategic change initiatives and organizational outcomes (Alshwayat et al., 2022).

A central component of successful change management is strategic environmental analysis. This approach equips commercial banks with the insight to identify internal capabilities and external threats, thus enabling the development of coherent, forward-looking strategies (Arabiun et al., 2023; Kimani, 2022). Tools such as SWOT analysis and strategic alignment assist in recognizing performance gaps, setting realistic objectives, and streamlining resource allocation (Ndegwa et al., 2019; Handajani et al., 2021). By leveraging such analyses, banks can tailor their participants to market demands, regulatory updates, and technological advancements, thereby enhancing institutional agility and decision-making.

In addition, the active participation of employees in change initiatives through involvement in planning, training, and feedback contributes significantly to successful implementation. Employees serve as internal change agents whose buy-in ensures improved service delivery and long-term organizational performance (Alshwayat et al., 2022). When supported by a strong learning culture, banks can enhance their adaptability through targeted staff development in areas such as compliance, digital operations, and customer relations (Chol et al., 2020; Kiplagat & Kalui, 2020). This continuous learning environment reinforces innovation and empowers staff to align with evolving institutional objectives.

Furthermore, integrating environmental insights and employee engagement into change strategies contributes to institutional resilience and sustainability. Banks that continuously monitor their internal and external environments are better positioned to anticipate shifts, mitigate risks, and exploit emerging opportunities (Porfírio et al., 2023; Hayes, 2022). As a

result, these institutions are more likely to experience improved ROI, enhanced service quality, and increased customer loyalty (Gabriella & Olannye, 2020; Jowarder, 2024).

In conclusion, change management serves as a strategic enabler for commercial banks navigating dynamic operational landscapes. By aligning internal processes with external realities through structured change strategies grounded in environmental analysis, employee engagement, and institutional learning banks can strengthen their performance, drive innovation, and sustain long-term growth (Mensah & Otieno, 2024; Afolabi & Kimani, 2023)

1.1.1 Global Perspective of Performance of Commercial Banks

To navigate complex regulatory environments, technological disruptions, and evolving customer expectations**,** commercial banks in the United States have adopted a range of effective change management strategies. These include environmental assessment, employee engagement, a strong learning culture, and consistent monitoring and control all aimed at improving institutional responsiveness and performance. Continuous environmental scanning enables banks to anticipate shifts in market conditions and regulatory policies, allowing for timely and proactive adjustments that reduce risk and maintain stability. In addition, active employee engagement fosters organizational alignment and minimizes resistance to change, which is crucial for the successful implementation of strategic plans. A culture of continuous learning equips staff with the necessary skills to adapt to new technologies and regulatory demands, thereby enhancing innovation and service quality. Finally, monitoring and control mechanisms play a vital role in ensuring that change efforts remain aligned with strategic objectives and performance expectations, ultimately supporting sustained growth and competitiveness (Gabriella & Olannye, 2020). These strategies have helped U.S. commercial banks maintain operational efficiency, improve client satisfaction, and achieve sustainable financial growth in a highly competitive landscape (Mensah & Otieno, 2024). Organizational performance in commercial banks is a multi-dimensional construct

encompassing financial strength, operational efficiency, and customer satisfaction. In the United States, performance is commonly evaluated using indicators such as return on investment (ROI), market competitiveness, and client loyalty (Ehteshamnejad & Pakzad, 2023; Gabriella & Olannye, 2020). ROI serves as a critical financial metric, revealing how effectively banks allocate and grow their resources for profitability. Operational efficiency reflects the capacity to deliver quality services while optimizing internal workflows and reducing costs (Mensah & Otieno, 2024). Meanwhile, customer satisfaction and loyalty highlight the bank's responsiveness to evolving client expectations and its ability to retain market relevance in a rapidly changing financial landscape (Jowarder, 2024; Kimani, 2022).

This performance-based outlook is also evident in emerging economies such as Mexico and India. In both countries, commercial banks evaluate success through financial returns, market expansion, and client satisfaction (Ehteshamnejad & Pakzad, 2023; Gabriella & Olannye, 2020). ROI reflects how efficiently these banks invest in their growth and sustain profitability, particularly in digitally competitive environments. Market share indicates their competitive position, while customer feedback offers insights into service quality and user experience (Jowarder, 2024; Kimani, 2022). These performance measures guide institutional decision-making and help banks refine strategies to stay competitive.

Furthermore, scholars argue that sustained performance in the banking sector depends on how well institutions adapt to financial, technological, and regulatory demands while maintaining high service standards (Mensah & Otieno, 2024). In the context of global finance, banks that consistently achieve positive performance outcomes demonstrate long-term resilience, increased shareholder value, and stronger stakeholder confidence.

In conclusion, performance in commercial banks whether in developed or emerging markets is best understood through integrated indicators that reflect financial stability, customer

satisfaction, and operational effectiveness. These metrics not only demonstrate institutional strength but also serve as benchmarks for evaluating the impact of strategic decisions across dynamic financial landscapes.

1.1.2. Regional Perspective of Performance of Commercial Banks

Change management strategies such as environmental assessment, employee engagement, learning culture, and monitoring and control play a critical role in shaping the performance of commercial bank. These approaches enhance institutional adaptability and contribute to improved financial outcomes, operational efficiency, and customer satisfaction in financial institutions facing regulatory shifts, technological advancement, and dynamic market expectations (Chol et al., 2020; Jeyaraj et al., 2024).

Environmental assessment enables banks to scan and respond to changes in regulation, technology, and customer behavior that influence strategic direction. For example, Zenith and GTCO in Nigeria have used strategic scanning to invest in mobile banking and cybersecurity infrastructure, leading to higher customer satisfaction, greater market outreach, and increased return on investment (Opoku et al., 2022; Aduku et al., 2021; Sylvanus & Onuoha, 2020). In Uganda and Malawi, similar efforts have enhanced policy responsiveness, improved service delivery, and strengthened market competitiveness (Dandena et al., 2020; Shanti et al., 2023).

Employee engagement continues to influence performance through increased staff morale, innovation, and customer responsiveness. In Nigeria, involving employees in decision-making and system implementation has resulted in faster adoption of changes and better service quality (Fadeyi et al., 2019; Aduku et al., 2021). Banks in Malawi and Uganda have recorded higher productivity and improved customer retention by emphasizing leadership involvement and consistent communication (Porfírio et al., 2023; Bueno et al., 2024).

A strong learning culture ensures that staff remain equipped to respond to institutional and technological changes. Nigerian banks that invest in employee development for digital finance and customer service report higher service innovation and compliance levels (Ng et al., 2024; Opoku et al., 2022). In Malawi and Uganda, mentoring and continuous training have improved adaptability and service quality while supporting competitiveness (Jiyanova et al., 2023; Ng et al., 2024).

Monitoring and control are essential in reinforcing institutional performance through accountability and oversight. In Nigeria, banks apply internal audits and real-time dashboards to detect risks and optimize service uptime (Fadeyi et al., 2019; Aduku et al., 2021). In Malawi and Uganda, the adoption of performance tracking tools and compliance systems has improved financial accountability and institutional transparency (Shanti et al., 2023; Patil, 2025). Performance in commercial banks is commonly measured through return on investment (ROI), market share, and customer satisfaction. These indicators reflect how effectively institutions utilize resources, compete in the market, and deliver quality services. The adoption of change management strategies has shown a clear link to profitability, operational efficiency, and improved customer loyalty (Ehteshamnejad & Pakzad, 2023; Gabriella & Olannye, 2020; Jowarder, 2024; Kimani, 2022).

Finally, the work of commercial banks in Nigeria, Malawi, and Uganda has been markedly facilitated and improved by the fact that environmental assessment, staff involvement, culture-based learning and monitoring and control have been employed. These strategic approaches have strengthened institutional responsiveness, sustained financial growth, and improved service quality across the three banking sectors (Papathomas & Konteos, 2023; Riptiono et al., 2021; Alshwayat et al., 2022).

1.1.3. Local Perspective of Performance of Commercial Banks.

Kenya Bankers Association (KBA) as an industry representative organization oversees the dynamic institutional environment, which constitutes the determinants of performance of commercial banks. The KBA ensures support and advocacy in the form of rules and guidelines that pave way for strong institutional practices as well as informs strategic interventions in the country's financial sector, especially in systemic concerns (Kori, Muathe, & Maina, 2020). Banks' ability to carry out effective environmental scanning in this case represents performance determinants. Environmental scanning involves continuous monitoring of, as well as sensing, the internal as well as external environments to identify chances, threats, as well as trends. Commercial banking in Kenya performs scanning to effectively map strategic decisions with evolving regime regulations, technological transformations, as well as customer needs. Timeliness in reacting, adaptability towards regulation, as well as product as well as service innovation along with market forces, illustrate efficiency in environmental scanning (Pelletier, Khavul, & Estrin, 2019).

Another important factor influencing banking performance is employee engagement. Employee engagement is a measure of how much a worker identifies with the goals of the company and is prepared to work hard for a worthwhile cause. In High employee engagement has been linked to innovative service delivery, client happiness, and Kenya's commercial banks. These banks have implemented strategies to boost employee morale and a commitment ethic, including performance-based rewards, inclusive decision-making frameworks, and well-being initiatives. Low staff turnover, increased performance, positive feedback, and improved service delivery are all indicators of successful employee engagement (Ramos, 2021; Phan, 2020).

The development of a learning culture among Kenyan commercial banks is also critical for organizational performance. A learning culture promotes ongoing learning and skill development throughout all organizational levels. In line with digital transformation, banks have invested in employee training on emerging technologies, customer service, and cyber protection (Shah, Mare, & Anderson, 2019).Through a learning culture, organizations are able to adapt swiftly to changing markets, exploit emerging technologies, and sustain competitive edges. In addition, a learning culture supports staff retention, enhances employee engagement, and boosts overall organizational performance (Shah, Mare, & Anderson, 2019).

Monitoring and control mechanisms are critical for ensuring that banking operations and strategies are aligned with expected performance. This includes performance management tools, ongoing audits, risk management software, and real-time analytics for data tracking and areas for improvement. Kenyan commercial banks use strong monitoring and control frameworks for ensuring adherence to regulations, avoiding risks, and maintaining operational integrity. (Mweu & Mungara, 2021). Timely detection and mitigation of operational risks, better compliance statistics, consistent performance target achievement, and high financial transparency are some of the indicators of effective monitoring and control (Mweu & Mungara, 2021).

Clear indicators of effective strategic management in commercial banks include high customer satisfaction, increased innovation and responsiveness, enhanced operational efficiency, and reduced service delivery time. Financial institutions that successfully implement environmental assessment, staff engagement, continuous learning, and monitoring and control are better positioned to maintain competitiveness, meet customer expectations, and contribute to broader financial inclusion efforts within Kenya. (Foerster, 2022; Schachter, 2019). Furthermore, the growth of digital platforms, improved financial literacy, and

enhanced service delivery reflect the strength of strategic management across the sector (Foerster, 2022; Schachter, 2019).

The transformation of Kenya's commercial banking industry underscores the importance of an integrated strategic approach encompassing environmental scanning, employee involvement, organizational learning, and performance oversight. These interlinked components provide a robust foundation for institutional agility, market responsiveness, and inclusive financial and economic development. As demonstrated by Kenya's widespread adoption of digital finance, effective strategic management enhances both institutional competitiveness and the nation's broader development goals related to equity and access in financial services (Ramos, 2021; Mweu & Mungara, 2021)

1.1.4 The Concept of Change Management

Change within organizational environments has been differently theorized by researchers, with a range of theoretical bases for picking independent variables for empirical studies. Change has been viewed by scholars as a composite construct with multiple dimensions including strategic purpose, structural change, and cultural change (Мерзликина & Kozhanova, 2020).

Change is often conceptualized as a cyclical and adaptive process that is necessary for organizational survival within volatile and competitive contexts. Highlighting the internal alignment of operations with technological, market, and regulatory developments, this view places adaptive change management at a pivotal construct (Bayahya & Alsharqi, 2021; Kim, 2021). Organized and iterative change philosophies focus on synchronized adaptation, control, and execution at environmental, organizational, and individual levels, and are essential for transformation success (Graves et al., 2023; Harrison et al., 2021).

Organizational culture and leadership have also been highlighted as being at the forefront of effective strategic change, with leadership capability, staff engagement, and cultural alignment being crucial for driving innovation and competitiveness (Putri et al., 2020; Cheraghi et al., 2023). Change is also understood, in turn, as a proactive strategic effort, with a focus on rebuilding systems and behaviours for improving organizational performance, innovation, and resilience (Saghafian et al., 2021; Hospodková et al., 2021).

According to Bayahya and Alsharqi **(2021),** Strategic Change Management is the most suitable independent variable, conceptualized as an intentional and research-driven process by which organizations deliberate, execute, and embed change resulting from internal and external dynamics. Adaptation to environmental change, leadership participation, communication, cultural readiness, and stakeholder participation are identified as its key sub-variables.

1.2 Statement of the Problem

Although Kenyan commercial banks have further increased their efforts to adopt competitive strategies, there has been an inconsistent performance of the organizations between 2020 and 2025. Although gains were gained on the operational income and on digital adoption, core indicators like the return on investment, market share and client satisfaction have kept either fluctuating or dropping. For example, return on investment increased slightly to 13.4% in 2023, only to fall to 9.2% by mid-2024, suggesting inefficiencies in the use of capital and revenue generation (CBK, 2024). Market share among smaller banks has stagnated, as dominant players retain over 76% of the industry's total assets (KBA, 2025). Additionally, the client satisfaction index fell from 81.5% in 2022 to 75.3% in 2024, indicating persistent concerns about service delivery and customer responsiveness (KBA, 2024).

Credit risk has also escalated, with non-performing loans rising from 11.7% in 2022 to 16.3% by mid-2024, a level not seen since 2007 (CBK, 2024). Even though there was a reported 21.0% year-over-year increase in pre-tax profits in 2023, a subsequent drop of 9.1% highlighted inefficiencies in cost management and weak strategic alignment (KBA, 2024). These developments point to the existence of strategies that have not translated into consistent institutional success.

Theoretically, many strategic management models overlook how specific strategic elements interact with evolving regulatory and technological dynamics to affect organizational outcomes. Broad approaches tend to dominate the literature, offering limited insights into how particular dimensions such as environmental assessment, employee engagement, learning culture, and monitoring and control contribute to measurable outcomes like profitability, competitiveness, and customer experience (CBK, 2025; KBA, 2025).

Methodologically, previous studies have tended to focus on strategic change at an aggregate level, failing to examine how the specific strategic dimensions relate to individual performance metrics. For instance, earlier works such as those by Mugambi and Kinyua (2020) and Wambua, Njeru, and Thuo (2021) offered limited empirical linkage between the strategic dimensions under investigation and their measurable impact on institutional performance.

Contextually, the Kenyan banking sector still struggles with disconnects between strategy and execution. Environmental scanning often falls short in anticipating shifts in market demands or regulatory frameworks. Challenges in staff morale and turnover have undermined effective employee engagement (Ramos, 2021; Phan, 2020). While digital transformation has progressed, the underlying learning structures remain fragmented due to uneven training and weak knowledge sharing (Shah, Mare, & Anderson, 2019). Monitoring and control

mechanisms also face limitations in managing rising credit risks and operational inefficiencies, despite advancements in digital tracking systems (Mweu & Mungara, 2021).

This study addresses these gaps by critically investigating how strategic variables influence organizational performance within Kenya's commercial banks, with a view to improving empirical understanding and offering practical insights for enhanced institutional outcomes.

1.3 General Objective

To establish how change management strategies have impacted on performance of commercial banking in Kenya.

1.4. Specific Objectives

i. To establish the effect of environmental assessment on the performance of commercial banks in Kenya.
ii. To assess the effect of employee engagement on the performance of commercial banks in Kenya.
iii. To determine the effect of learning culture on the performance of commercial banks in Kenya.
iv. To examine the effect of monitoring and control on the performance of commercial banks in Kenya.

1:5 Research Questions

i. To what extent does environmental assessment influence the performance of commercial banks in Kenya?
ii. What is the effect of employee engagement on the performance of commercial banks in Kenya?

iii. To what extent does learning culture influence the performance of commercial banks in Kenya?

iv. What is the effect of monitoring and control on the performance of commercial banks in Kenya?

1:6 Significance of the Study

This study holds considerable significance for stakeholders within the Kenyan commercial banking sector. By examining internal organizational variables such as environmental assessment, employee engagement, learning culture, and monitoring and control, the research offers both theoretical and practical insights into how structured change management strategies influence bank performance.

For bank leadership, the study underscores the importance of adopting structured frameworks such as Kotter's 8-Step Model and Lewin's Change Management Framework to guide organizational transformation. These models help leaders minimize resistance to change while fostering employee enthusiasm and participation, thereby creating a more adaptive organizational culture (Kotter, 2021; Burnes & Bargal, 2023). By implementing participative interventions, banks can reduce staff turnover and strengthen retention, which is essential for sustaining performance in a competitive financial environment.

For employees, the study highlights the benefits of planned and supportive organizational change processes. Open communication, continuous training, and meaningful involvement in decision-making reduce resistance and anxiety, enabling staff to feel empowered to adopt new technologies, policies, and operational processes. This is likely to enhance job satisfaction, productivity, and commitment, which in turn contribute to organizational efficiency (Fisher, Frey, & Almarode, 2020; Schunk, 2022).

For policymakers and regulators, the study provides evidence-based insights into how banks are navigating internal transformations amidst digital disruption and evolving financial regulations. Understanding these internal approaches enables regulatory authorities to design supportive frameworks that enhance institutional resilience while safeguarding employee welfare and systemic stability. The findings can also inform labour and financial sector policies that align with Kenya's economic context and global banking trends (Khuong, Do, & Hoang, 2022; Mukhalalati, Elshami, Eljaam, Hussain, & Bishawi, 2022).

In addition, this research contributes to the body of knowledge by filling a theoretical and empirical gap on the relationship between structured change management and institutional performance in emerging economies. While much of the existing literature discusses organizational transformation at a general level, this study narrows its scope to show how specific internal processes environmental scanning, employee engagement, organizational learning, and performance monitoring affect measurable outcomes such as return on investment, market share, and customer satisfaction. This contribution is particularly valuable in contexts characterized by dynamic market and regulatory environments such as Kenya (Manik, Sembiring, Padang, & Manurung, 2022; Oduor et al., 2021).

1:7 Scope of the Study

This study aimed to analyse the influence of change management measures on performance among commercial banks in Kenya, with a specific focus on the 38 licensed commercial banks operating under the regulation of the Central Bank of Kenya. The decision to focus on these licensed commercial banks was informed by their formal regulatory status, standardised reporting structures, and significant contribution to the national financial system. These banks operated within comparable legal and institutional frameworks, making them suitable for examining how change management measures influenced performance outcomes.

The study deliberately excluded unlicensed institutions as well as other financial entities such as microfinance banks, SACCOs, and insurance firms. Although these institutions were integral to financial inclusion, they differed significantly in organizational structure, operational scope, regulatory frameworks, and change implementation procedures. Their inclusion would have introduced variability that could have compromised the validity and comparability of the study findings.

The target audience included operations heads as well as strategy managers in every one of the 38 authorized commercial banks. Institutional change implementation process In the current research, the commercial bank was the unit of analysis and the heads of operations and strategy managers were the units of observation who had profound knowledge of the institutional performance and had participated directly in the realization of institutional change implementation. Data were collected using structured questionnaires designed to capture quantitative insights into the adoption and outcomes of change management measures. The study was conducted between March 2024 and August 2025.

1.8. Theoretical Framework

This study is anchored on Kotter's 8-Step Change Model, a widely recognized theory developed by John P. Kotter (1996) that explains how organizations can implement successful change management strategies. The model offers a structured and sequential framework guiding the transformation process from recognizing the need for change to embedding new practices into the organizational culture. It is particularly relevant in commercial banking, where institutions must navigate technological disruptions, regulatory reforms, and heightened customer expectations (Appelbaum et al., 2012; Hayes, 2022).

Kotter's model comprises eight interlinked steps: establishing a sense of urgency, forming a powerful guiding coalition, creating a vision for change, communicating the vision,

empowering action by removing obstacles, generating short-term wins, consolidating gains to produce more change, and anchoring new approaches into the culture (Kotter, 1996). Each step contributes to minimizing resistance, strengthening employee involvement, and ensuring that transformation initiatives yield lasting benefits (Rajan & Ganesan, 2017).

In case of serial banks in Kenya, the stages are like a guide to instituted planned change actions, such as the evaluation of the environment, staffing involvement, the culture of learning, and monitoring and controlling performance. Such undertakings would demand reflexive leadership and participatory procedures to harmonise internal activities and the changing market and regulation environment. The model supports a participatory and inclusive approach, which is critical for sectors like banking where employees must continuously adapt to emerging technologies and compliance demands (By, 2021).

This model has also been validated by numerous organizational change studies for its practicality, simplicity, and ability to generate momentum for transformation (Pollack & Pollack, 2015; Cameron & Green, 2020). It emphasizes leadership visibility, the importance of short-term achievements, and anchoring changes within organizational values essential components for performance enhancement in Kenya's dynamic banking sector.

Therefore, Kotter's 8-Step Change Model forms the theoretical foundation of this study by offering a robust and dynamic lens for examining how systematically implemented change management strategies impact performance outcomes in Kenya's commercial banks.

1.9 Conceptual Framework

To put it another way, a conceptual framework is a hypothetical model that names the phenomenon that is being investigated and shows the correlation in the form of a dependence between the independent and dependent types of variables (Tavakol & Brien, 2023). It could be given in both written or visual form taking the form of associations that are expected in the major variables. The conceptual framework in this study includes the independent variables and dependent variable and it acts as a structured framework on which the interaction between the two is observed in the study.

Independent variables

Change Management Strategy

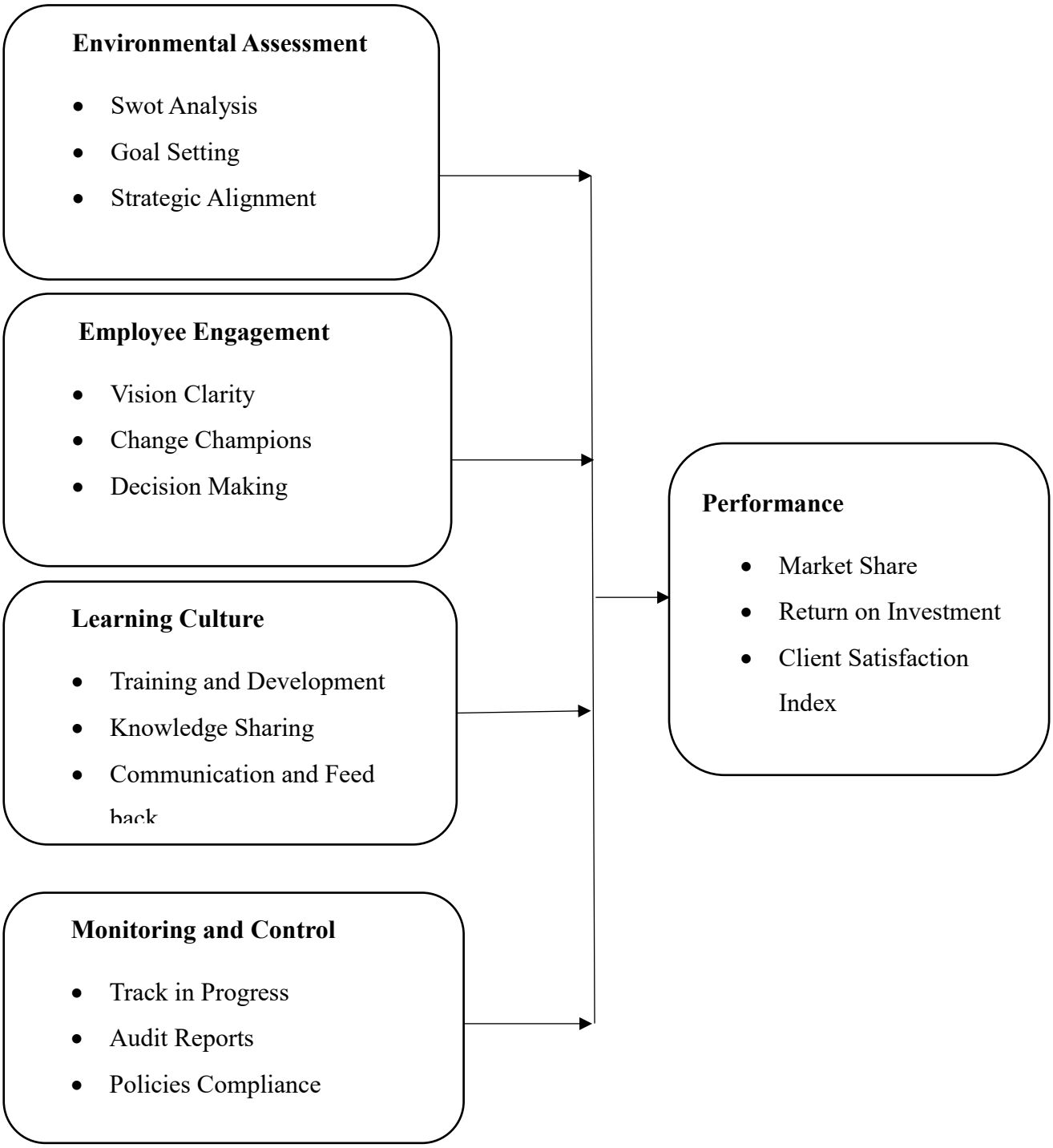


Figure 1: Conceptual framework

CHAPTER TWO

LITERATURE REVIEW

2.0. Theoretical Review

In this chapter, the author explores theories that constitute change management strategies and how they affect performance. In the section, lines of theory as a theoretical background are displayed based on a look into important theories, criticisms of the applicability of the theories, the empirical survey of earlier research, and identification of the gaps of knowledge. It emphasizes on four major theories; Contingency Theory, Resource-Based View (RBV), Organisational Learning Theory, and Control Theory. The theories come in and assist in providing an insight into how the features of environmental assessment, employee engagement, learning culture, and monitoring and control, support the performance of listed commercial banks.

2.1. Contingency Theory

Contingency Theory, pioneered by Fred Fiedler in 1967, is based on the idea that all the organisations are different and thus cannot be managed as one size fits all. Instead, effective decision-making and leadership depend on aligning managerial strategies with both internal and external environmental conditions (Fiedler, 1967). The theory asserts that organisational performance is maximised when strategies are adapted to the specific context, including structural arrangements, leadership styles, and situational variables.

This theoretical perspective holds particular relevance for Kenya's commercial banking sector, which operates within a dynamic landscape marked by market volatility, evolving regulatory frameworks, and rapid technological disruption. In such an environment, rigid strategies often fail, while adaptable approaches enable institutions to remain competitive. Vidiella Rocamora et al. (2022) affirm that organisations functioning in uncertain

environments must adopt flexible and context-sensitive management strategies to effectively respond to emerging challenges and opportunities.

Contingency theory is the most appropriate way to explain concepts of environmental assessment, which is a major independent variable in the current study. Commercial banks make use of strategic tools such as SWOT analysis, goal-setting, and strategic alignment to evaluate internal capabilities alongside external demands. SWOT analysis facilitates identification of strengths, weaknesses, opportunities, and threats, thereby informing context-specific decisions (Amachree & Nwisagbo, 2025). Goal-setting aligns change interventions with achievable outcomes, while strategic alignment ensures coherence between internal resources and institutional objectives in response to environmental realities (Chong & Yao, 2025).

Contingency theory thus offers banks a practical and flexible framework for environmental scanning and ongoing adjustment. In a sector where customer preferences, operational demands, and technological innovations shift rapidly, the theory supports a responsive posture. Burnes (2020) highlights the value of such fluidity, noting that contingency-based strategies are particularly well-suited to industries undergoing continuous transformation. Bhatti et al. (2023) further argue that the theory's support for incremental, context-specific adaptations aligns well with the tightly regulated nature of the banking sector.

However, despite its practical advantages, several critiques have emerged regarding the limitations of contingency theory. Asher and Syeda (2024) contend that its reactive orientation may delay decision-making, particularly in crisis situations that demand proactive strategies. Neerijnen et al. (2021) argue that the theory lacks clarity on the precise strategies to adopt under different environmental conditions, increasing the risk of indecisiveness or misalignment. Additionally, Candi and Kahn (2021) caution that overreliance on situational

responsiveness may suppress long-term innovation, potentially undermining an institution's ability to anticipate and shape future developments.

2.2. Resource-Based View (RBV)

The Resource-Based View (RBV), advanced by Barney (1991), provides a strategic framework for understanding how internal organisational resources contribute to sustainable competitive advantage. The theory argues that long-term superior performance stems from the possession and strategic deployment of resources that are valuable, rare, inimitable, and non-substitutable (VRIN). For these resources to generate competitive advantage, they must be effectively organised and aligned with the organisation’s goals.

In the context of this study examining the influence of change management on the performance of commercial banks in Kenya RBV is particularly relevant to the independent variable of employee engagement. Human capital, and more specifically employee engagement, represents a critical intangible resource. When strategically nurtured, this resource becomes central to institutional transformation and sustained performance. Aspects such as clarity of organisational vision, participatory decision-making, and the development of change champions enable banks to leverage employee engagement to strengthen alignment, motivation, and responsiveness (Crawford, 2020; Zhang & Bao, 2025). Vision clarity helps employees understand and pursue institutional priorities; participatory leadership fosters ownership of change initiatives; and empowered change agents help cultivate a culture of innovation and adaptability.

Several scholars affirm RBV’s relevance in complex, dynamic environments such as the financial sector. Assche and Verschraegen (2021) and Lintock and Hofmann (2020) highlight the role of internal capabilities such as employee motivation, adaptability, and institutional learning as sources of strategic agility in uncertain contexts. Mohsin et al. (2020) contend that

organisations that invest in employee engagement are better positioned to proactively manage operational disruptions. Similarly, Silva and Oliveira (2020) argue that high engagement levels improve knowledge sharing, stakeholder responsiveness, and contextual learning elements that are critical for effective change management in fast-evolving sectors.

Despite these strengths, RBV has limitations. Chief among them is its inward-looking focus, which may overlook the influence of external environmental forces such as regulatory changes, stakeholder pressure, and market volatility. Kunc (2024) critiques the theory for downplaying the role of power relations, institutional politics, and broader socio-economic dynamics in shaping change outcomes. Moreover, RBV assumes that internal resources are stable and controllable, a notion that may not hold in volatile sectors like banking where the strategic value of resources can be rapidly diminished by technological disruption or crisis conditions.

2.3. Organizational Learning Theory

Organizational Learning Theory, developed by Argyris and Schön (1978), proposes that organisations, much like individuals, evolve by learning from experience and adjusting behaviour accordingly. The theory identifies two forms of learning: single-loop learning, where assumptions remain unquestioned and errors are merely corrected, and double-loop learning, where underlying values, norms, and strategies are critically examined and modified. This dual process enables organisations not only to close short-term performance gaps but also to achieve long-term structural and cultural transformation.

In relation to learning culture, the theory highlights the importance of fostering environments that encourage continuous improvement, effective knowledge flow, and open communication across all organisational levels. Indicators of a strong learning culture include frequent training and development opportunities, structured feedback mechanisms, and cross-

functional collaboration (Tan & Olaore, 2021). Together, these practices enhance the organisation's ability to adapt to internal inefficiencies and external environmental pressures.

Kenyan commercial banks that embed such learning practices within their operations are better positioned to respond to rapid technological change, shifting customer expectations, and evolving regulatory frameworks. By promoting ongoing training, encouraging knowledge sharing, and establishing open channels of communication and feedback, banks can strengthen their innovation capacity and overall institutional performance. In this regard, Organizational Learning Theory does not only support the independent variable of learning culture but also anchors the dependent variable, bank performance, by linking organisational adaptability and resilience to improved outcomes.

Organizational Learning Theory has attracted wide scholarly support. For instance, Chen and Liu (2021) extend the theory by emphasizing systems thinking, personal mastery, and team learning as hallmarks of effective learning organisations. Similarly, Evenseth and Gausdal (2022) stress the significance of tacit knowledge exchange and collaboration, framing learning as a socially embedded, continuous process. These insights reinforce the applicability of the theory in both private and public institutions undergoing change and innovation.

Nonetheless, the theory has also faced criticism. Saabye and Kristensen (2025) argue that it idealises organisational environments by assuming universal employee commitment to learning and unwavering managerial support. In reality, hierarchical structures, political dynamics, and resistance to change often undermine genuine learning processes. Wu and Chen (2021) further critique the theory for overlooking external factors such as regulatory changes, technological disruptions, and economic instability. Moreover, the operationalisation

of learning culture has been difficult due to conceptual ambiguity and variations across different organisational contexts

2.4. Control Theory

Control Theory, first articulated by Norbert Wiener in 1948, presents a systems-oriented framework for understanding how behaviour and performance within organisations are regulated through feedback mechanisms. The theory asserts that all systems mechanical, biological, or organisational achieve stability and realise their goals by continuously comparing actual outcomes against set objectives and correcting deviations via structured feedback loops. Two core components underpin this process: error correction, which involves adjusting behaviours or operations to match expectations, and feedback systems, which provide real-time performance data to enable continuous improvement (Wiener, 1948).

In the context of this study, Control Theory provides a foundational lens for analysing the role of monitoring and control, a key independent variable in Kenyan commercial banks. This construct includes performance tracking, compliance auditing, feedback mechanisms, and corrective processes, all of which align with the principles of Control Theory. Specifically, commercial banks deploy monitoring tools such as dashboards, key performance indicators (KPIs), internal audits, and real-time reporting systems to assess operational effectiveness and make timely adjustments that support strategic alignment and regulatory compliance (Quinteros et al., 2021). By ensuring consistency between institutional goals and day-to-day activities, these mechanisms help banks safeguard service quality, manage risk, and maintain accountability.

Scholarly work has further demonstrated the practical applicability of Control Theory within organisational settings. Ahmed et al. (2021) emphasised that robust internal control systems enhance decision-making and strategic coherence by enabling effective feedback cycles.

Similarly, Bhosale et al. (2021), in their study on project management, underscored the importance of monitoring compliance, tracking specifications, and evaluating feedback in achieving performance targets related to time, cost, and quality. These studies illustrate the versatility of Control Theory in various domains where observation, control, and iterative correction are essential to sustained performance.

Nonetheless, the theory has faced notable criticism. Quinteros et al. (2021) argue that its strong focus on procedural efficiency and oversight may limit employee autonomy and suppress creativity, especially in environments that require innovation and flexibility. Yadav et al. (2019) further contend that rigid control systems may hinder responsiveness in fast-evolving contexts by overemphasising rule compliance and operational standardisation. Additionally, Lezhnina and Zhilkina (2020) caution that the theory disproportionately prioritises quantitative performance indicators while neglecting softer organisational dynamics such as culture, morale, and emotional intelligence factors increasingly recognised as vital in contemporary, human-centric workplaces. The theory also appears limited in addressing modern imperatives such as digital transformation, sustainability, and inclusive leadership.

In conclusion, though control theory presents a strong system of explanation of the manner through which monitoring and feedback influence performance of organisations especially in sectors that are organised and highly compliance-based such as banking, the theory works best when it is combined with adaptability and people-oriented strategies. The theory has been useful in explaining the role and influence of monitoring and control systems on the performance of institutions within commercial banks where accuracy, accountability and regulatory compliance are of universal significance.

2.5. Empirical Review

As provided in the research by Jin Zhu (2025), that is, A Digital Analysis Approach to the Performance Improvement of Chinese Listed Commercial Banks by Interest Rate Marketization and Diversification, the study has provided the effects of the interest rate marketization and diversification policies on the performance of Chinese listed commercial banks in the dynamic dimension. The research responded to the growth of interest rates liberalization in addition to structural change that characterizes the banking system in China whose context was a constant finance transformation. This study focused on the degree to which the interest rate marketization and operational diversification affects the performance of a banking sector given the decreasing possibilities of using conventional profit-making strategies as a bank, based on profitable deposits and lending with interest margins.

By assuming a quantitative research method, the study used a multiple linear regression analysis of panel data using 36 listed Chinese banks. The study integrated the descriptive statistics, correlation analysis, multicollinearity analysis and the assessment of the variable stability with the intention to achieve the solidity of the analysis, validity of the model. Such analytical tools made it possible to fully understand the dynamics of the financial performance of banks in response to amendments by regulators and markets.

Empirical evidence indicated that one percent rise in interest rate liberalization corresponded to a 0.176 percent decline in bank performance and therefore liberalized interest rate regimes had depressing effect on profitability of the traditional banking form. Nevertheless, a statistically significant moderating effect of the diversification at an alpha level of significance (1 percent) was also observed. More specifically, it demonstrated that higher rates of interest rate liberalization were associated with the increased propensity of service

and product diversification among the banks that was associated with the improved financial performance.

On the whole, the study had contended that despite the operational challenge of interest rate liberalization to the commercial banks, the fact is that the process also prompts a strategic change to diversified banking model. Diversification was a restraining variable, after all, which countered the pernicious effect of marketization. Consequently, the study promoted the implementation of innovative models of conducting business, expansion of money provision protagonists profiles, and the enhancement of operational portfolio as the necessary activities of the Chinese bank with intentions of thriving in a liberalized fiscal environment. These are contended to be completely vital in facilitating buffering, sustainability in profits and prolonged performance of institutions. It can be about 1\u00a0h of running every day (Jin Zhu 2025).

Neha Agrawal and Niraj Agrawal (2024) examined the performance of Nepal commercial banks in their paper Strategic Management Practices and Performance of Nepalese Commercial Banks by comparing it to the influence of strategic management practices. Against the background of a transformed financial sphere of operations, this study was critical in assessing whether and/or which underlying strategic dimensions influence the institution performance, which is applicable in the operations and the finance sectors.

The authors structured the study into four broad independent variables, environmental scanning, strategy formulation, strategy implementation and strategy evaluation and control where the performance of the Nepali commercial banks was used as the dependent variable. Although there is no explicit theoretical framework presented, the studies are in concordance with Strategic Management Theory and Resource-Based View (RBV) which stress on

alignment of strategic internal capabilities to respond to external contingencies in order to achieve organizational efficacy and competitive sustainability.

The methodology used during the research was a causal-comparative research methodology with quantitative research approach. Structured self-completion questionnaires in the form of a structured questionnaire were used to collect the primary data using randomly sampled respondents. The sample population consisted of 216 people that were sampled randomly to a total of 10 registered commercial banks operating in Nepal. Analysis of the data was performed in Statistical Package for the Social Sciences (SPSS), with descriptive and inferential statistics used to test relationships that were proposed.

Inferential analysis indicated the value of R 2 being 0.685 implying that approximately 68.5 percent of the variability of bank performance could be attributed to the overall effect of all the four strategic management practice dimension. More precisely, the formulation of strategy turned out to be statistically significant predictor of performance, which has a positive influence on both financial and non-financial performances.

Yet, once the research has demonstrated the fact that the effects of strategic management practices on the performance of commercial banks in Nepal are strong and statistically significant. Among assessed dimensions, strategy formulation was the most influential force-driving institutional performance and was all about well-structured planning, knowledgeable dispensation of resources as well as future-oriented strategic orientation to achieve competitive advantage.

The authors on the basis of these findings suggested that managers of Nepalese commercial banks ought to institutionalize the use of strategic management especially with focus on formulating strategies. Moreover, the research also recommended that continuous tracking

and repositioning of strategic projects to external adjustments of the environment should be conducted in order to assure organizational sustainability and future improvement in performance. Agrawal, Niraj and Neha Agrawal (2024),

The study by In line with Frezer and Seifemichael (2024) it is possible to state that: titled Impact of Strategic Planning on the Performance of commercial banks: The case of public commercial banks in Eastern Hararghe, Ethiopia studied the effects of strategic contingency on the performance of the commercial banks in Ethiopia in the region of Eastern Hararghe secularly. The study came as a realization of the fact that strategic planning is fundamental in the running of financial institutions in the emerging economies, especially the regions in dominance of financial dualism and economic instability. The authors used a quantitative design which was supported by a cross-sectional research design to explore matters surrounding the relationship of strategic planning to aspects of bank performance. The sample size of the study were managers and the senior staff dealing with the planning and monitoring functions in the regional public commercial banks. Although there is no specific number of individuals who would have been interviewed, it is to be clarified that the respondents were selected on the basis of strategic location in the banks with regard to relevance and reliability of data.

Structured questionnaires spanning five-point Likert scale were used as the main source of collecting data. The validity and reliability of the data collection tool were pre-tested and only then it was administered. Descriptive statistics and econometric regression analysis were used in the analysis of data. Environmental scanning, strategy formulation, strategy implementation and strategy control and evaluation were the independent variables examined and organizational performance, be it through the financial aspects or non-financial aspects

including customer satisfaction and internal working efficiency played the role of the dependent variable.

The correlation investigation of the research results yielded a statistically significant and strong positive correlation between the practice of strategic planning and the structure performance. All the four strategic planning dimensions exhibited positive effects with the greatest one being strategy implementation and evaluation. This proposes that, in as much as strategy formulation is vital, pragmatic implementation and constant evaluation are the aspects that ensure the achievement of improved results. The study also stated that in order to operate optimally in an environment like Eastern Hararghe in the face of its dynamic nature, strategic thinking must be instilled in every level of the company to promote consistency in vision and make it easy to adapt in the event of changing internal and external environments.

Thus the authors agreed that strategic planning should be embedded in functions and culture of the institution to enhance performance within the commercial banks in the public sector. They encouraged the employment of flexible, dynamic and participatory strategies. procedures that coordinate internal resources to achieve competitiveness besides countering environmental pressures. The key observation of the study was that in order to be successful, bank managers ought to ensure they consistently perform environmental scanning, engage various stakeholders in the planning process, provide enough resources to carry out the strategy and continuously evaluate strategic activities. There was a belief that such processes were crucial to long-term growth of organisations as well as effectiveness of their activities. The study tacitly endorses the Strategic Management Theory and the Resource-Based View (RBV), and emphasize that the nature of the competitive performance is predetermined by the inner capabilities and realignment of strategic practice. Frezer and Seifemichael (2024),

In addition, Kamiji Ndonji (2024) in a study titled A Study of Strategic Participants of Commercial Banks towards External Environment Changes in Zambia examined the way commercial banks located in Zambia had to alter their strategies in response to changes in the external environment. The study conducted amongst the bank sector in Zambia was intended to identify strategic actors of the economic, technological and sociocultural advancements affecting the banking activities. To achieve this, research technique known as descriptive research method was adopted whereby, primary data was gathered through structured questionnaires by sampling the personnel of the bank. A total of 38 questionnaires were issued and 20 of those filled and returned, hence a percent of 52.6 percent.

Data was analyzed with the help of Microsoft Excel and SPSS, and the participants were interpreted in the form of percentage, mean, and average. A specification of any theoretical backdrop was not outlined, however, the study is located in the assumptions of Strategic Choice Theory and additionally Contingency Theory which postulates that the strategic responses further operate on the environment alongside choice in making decisions. The study has been conducted on strategic responses of commercial banks (independent variables) and aspects of the external environment i.e. change in economy, technological advancement, and social-cultural pressures (dependent variables).

The research demonstrated that the commercial banks in Zambia were more receptive to economic change and technological change, and the technological change was more prone to a shutdown of a branch and an institutional merging. The banks, however, were less sensitive to socio-cultural change and in this case the consumers. The most prevalent strategies applied were the stability and selectivity and the retrenchment as the non-event. This would indicate that Zambian banks like to adopt a risk-aversion behaviour given the environmental upheavals.

The study concluded that the Zambian commercial banks follow the tone of being defensive; responding to the environmental pressures, particularly economic and technological shocks but not adequately responding to the emerging socio-culture issues. Based on such findings, the study called upon the banks to expand out of their strategy of stability into expansion and retrenchment when necessary in order to achieve resiliency. Moreover, they suggested that the management of the bank should make investments in continuous environmental scanning tools such as a SWOT analysis, the use of PESTEL strategies, R&D programs, etc. This way, they can, in advance, anticipate and react to change in the external environment as well as use technology advancements to improve service delivery and customer satisfaction. The study is of great contribution to the practice of adaptive strategic management in terms of sub-Saharan Africa banking. This can be attributed to (Kamiji Ndonji 2024).

However, another study by Poroye and Okolie (2024) was focused on the critical examination of the interrelation between liquidity risk management and listed commercial banks performance in Nigeria in terms of a broader environment of fluctuating and dynamic financial circumstances. The Nigerian banking sector that was subjected to some regulation on a periodic basis and was also facing constant liquidity constraints provided an ideal platform to investigate. The rationale of the research emanated on the growing realization that proper liquidity risk management is a key element in insuring profitability, solvency and viability of those banks that operate in the emerging economies where there are pervasive market imperfections in the financial markets.

A quantitative research methodology in terms of secondary panel data analysis and an ex-post facto type of research form were embraced by the researchers. The information was sensitively extracted through annual audited accounts of the listed banks in the Nigerian Exchange Group during a given period of study. The time-series analysis became possible

with the methodology, thus allowing a longer term, chronological understanding of the interdependence of the liquidity risk and performance. Panel data regression analysis was modeled on the basis of fixed effects and random effects therefore boosting the credibility and robustness of the econometric estimation.

Using the definition of liquidity risk management as identified in the operationalization, the research identified some of the key ratios accepted in literature as financial ratios that exist namely deposit to total asset, total loan to deposit, liquidity asset to total asset, and short-term liability to total asset as operationalized by the research. The performance in terms of finance was measured as the turnover on assets (ROA) or mostly known as profiteering indicator as a common indicator of profitability in the bank business. Although the research did not specify the number of banks that were sampled, the researchers made selective use of those institutions whose data was audited, reliable, and publicly obtainable such that the integrity of the data and the methodology used would be acceptable.

It displayed the heterogeneous relationship between the liquidity risk management and financial performance as per the empirical data. Interestingly, some liquidity measures that included the total liquidity asset over total asset indicated a statistically significant and positive correlation with ROA whereas other liquidity measures, including the total loan over deposit, indicated either a negative relationship or a statistically insignificant relationship. Such contradictory results are associated with the multidimensionality and inconsistency of liquidity risk and its diverse effects on bank profitability. Accordingly, the authors argued that any individual measure of liquidity does not always express its performance and performance implications and, in fact, the performance of liquidity risk management strategies is dependent on the structural and operation-related characteristics of banks.

A methodological analysis was carried out to review on the effectiveness of risk management strategy on the financial performance of ZSE listed commercial banks, carried out by Anthony and Shepard (2024) whose article was entitled The Effectiveness of Risk Management Strategies on Improving Financial Performance of ZSE Listed Commercial Banks. Management methods on the profits of the commercial banks listed in Zimbabwe Stock Exchange. The study came up in a dynamic Zimbabwean financial sector, where there is a systemic malpractice, a dynamic regulatory environment and macroeconomic instability that have plagued the financial institutions in the country to tackle the improvement of institutional sustainability and profitability based on the premise of strategic risk management.

Moreover, the article emphasized on dynamic stress tests on liquidity, higher levels of compliance and enhanced observing systems in preventing any possibility of a mismatch in assets and liability. Also, as researchers suggest, future reforms should be suggested to encourage banks to maintain an optimal quantity of liquidity and follow scenario-based strategies in risks management. To sum up, Poroye and Okolie (2024) can add value to the current knowledge in the area of risk governance in banking sectors of African countries and provide practitioners and regulators with practical guidelines toward improving the resilience of the banking sectors.

According to the studies conducted by Anthony and Shepard (2024) argue that this is the only way to visualize the big picture or have a big picture view. entitled TheEffectiveness of Risk Management Strategies on the financial performance ZSE Listed commercial banks, the systematic analysis was done with the perspective of examining the outcome of the risk management strategies on the financial performance of the Zimbabwe stock exchange (ZSE) listed commercial banks. The research in the finance industry in Zimbabwe is a high-paced

environment that is fraught with uncertainty in macroeconomic conditions, a fluctuating policy environment, and internal vulnerabilities; the research was focus with respect to enhancing institutional sustainability and profit making through strategic risk management.

There are three main objectives that guided the research, they were analysing the impact of the risk identification strategies on the performance of banks, classifying leading risks of the commercial banks of Zimbabwe and identifying the prevalent risk control measures applied in the industry. Although the study did not maintain explicit theoretical basis, the study implicitly appealed to Enterprise Risk Management (ERM) principles and risk governance models, which facilitates systematic and institution wide procedures of identifying, measuring, and preventing risk as to help in aligning corporate initiative in corresponding to performance purposes.

In mixed-methods research design, a pragmatism research philosophy was used, and thus qualitative and quantitative evidence was synthesized to provide a complete explanation of the phenomenon being studied. Cross-sectional approach was used to collect data at a specific time to give a cross-sectional view of the risk management procedures and financial performance measures. The approach taken was very appropriate considering the context within which the study was to be conducted and due to logistical concerns in collecting longitudinal data in the Zimbabwean banking sector.

The data were empirically collected on the population comprising the staff of two of the largest commercial banks listed on the Zimbabwe Stock Exchange viz. CBZ Bank and Steward Bank with a combined population of approximately 1,500 human resources. With the sample size of Yamane, the quantitative strand was intended to reach a sample of 315 respondents of the total population and that, in the qualitative strand, 20 interviewees were fixed as per the principle of thematic saturation that applies in sampling qualitative

investigations. The quantitative and qualitative strands data were collected by adopting a convenience sampling methodology to optimize accessibility and participation and purposive sampling methodology of qualitative interviews to select the people with a specialist knowledge of the bank risk managements.

The observations in the study showed that the ZSE-listed banks had implemented and were actively employing formalized environments of risk management and risk processes. These included systematic procedures in identifying risks, qualitative and quantitative risk analysis, response to risks and ongoing monitoring and control. The study found that internal firm set-ups such as the risk unit were a vital drive towards inducing compliance in functional units in the risk-related operation. This organizational model was essential in the execution of successful measures against risk and defense of financial performance.

Of utmost importance, a statistically significant and positive correlation between good risk management practices and enhanced financial performance was established. As evidenced, the presence of systematic, strategic, and dynamic risk management structure promised greater levels of profitability, banking performance and longer-term resilience of banking institutions. Moreover, qualitative results highlighted that employee awareness, the commitment of the top leadership, and integrating risk intelligence into the decision-making operations were some of the most important enabling factors that stimulated effective risk management performance.

On the basis of these observations, the authors formulated several main recommendations. They proposed the reinforcement of risk governance systems based on centralised risk management units having clear mandates and authorities. They also recommended investment in the sense that there should be advancements in human capital; building on the technical capacity of employees in the field of risk management. Indeed, the process of risk

strategy monitoring and reviewing was also identified as crucial to the responsiveness associated with the new threats and market shifts. The study has also come up with the conclusion that in addition to serving exposure reduction purposes, the incorporation of proficient risk management regimes is also vital in supporting sustainable financial success within the banking sector of Zimbabwe. Anthony and Shepard (2024),

According to a research study cited by Sunday Enock Ndonondo (2021), titled Effect of Risk Management on Financial Performance of Listed Commercial Banks in Tanzania, a strict investigation was undertaken to dig into the impact of the risk management practice specifically, credit risk management on the performance of listed commercial banks on the Dar Es Salaam Stock Exchange. This study was carried out in the Tanzanian financial services sector that has been experiencing a massive transformation through regulation, marketplace, and technology. By targeting the three biggest banks in Tanzania NMB Bank Plc, CRDB Bank Plc, and DCB Commercial Bank Plc, the study aimed at coming up with empirical evidence of the role systematic risk management systems play in banking profitability and stability in an emerging market.

This research employed cross-sectional research design with descriptive and inferential analysis of the data collected on 98 respondents where a simple random sampling method was used. Although no theory is cited, implicitly, the work is grounded in Enterprise Risk Management (ERM), and general models of financial risk governance, which assume systematic identification, evaluation, and mitigation of risks is the prerequisite to boost performance of the firm. The research design is helpful since it can allow measurement of the associations between different dimensions of risk management and the measures of financial performance over that particular period.

Some of the major dimensions assessed included risk identification, risk analysis and assessment, risk control and reporting, risk monitoring. Empirical study revealed that there is a statistically significant relationship between these dimensions of risk management and performance measures including the Return on Equity (ROE) and Return on Assets (ROA). Specifically, regression analysis revealed that variance in ROE and ROA was explained by the identified risk management practices at 85.5 per cent and 82.6 per cent respectively. Moreover, close-knit correlation between independent and dependent variables was high and positive (R = 0.872), and this correlation directly verifies the truth that there is a marked linear correlation between effective risk control measure and improved bank performance.

This study argues that useful and methodical risk management systems have a central part in performance of listed Tanzanian commercial banks. They put emphasis on commercial banks to identify risk management practices as a fundamental consideration of financial and operational planning. The researcher recommended that it is necessary that the top management, including the audit managers and the financial controllers, tighten the reins of the internal control procedures, continuously review the measures of risk controls in place, and undertake proper credit assessment procedures prior to the approval of loans. The research findings justify these actions, given that they will eradicate the non-performing loans and strengthen the financial strength and sustainability of Tanzanian commercial banks.

The study by Okiru and Miroga (2024) revealed the effects of credit risk management on financial performance of listed commercial banks in Kenya on empirical basis. The research was guided by the fact that credit facilities such as loans and advances are very crucial in the activities of commercial banks. It also examined whether failure to repay on part of the customers could dent the chances of profitability, financial health and sustainability. As geographical scope, the researchers were interested in Kenya in particular, as well as the nine

selected listed commercial banks on the Nairobi Securities Exchange (NSE) between research years 2018 and 2022.

This research assumed a correlational research design whereby the data used was taken through the audited annual books of the banks and the NSE data was used as well. Because of the dimension of the target population which was manageable in size, it adopted a census sample approach. The theoretical notion that was utilized in the research work involved information asymmetry theory, and the moral hazard and adverse selection theory, both of which explain the uncertainty inherent in the lending decision as well as the behaviour of the borrowers. Before the main survey was conducted, a pilot study was conducted with the intentions of testing normality and multicollinearity of data, therefore, validating reliability and variability of the research model.

The results were depicted and analysed using Statistical Package for Social Sciences (SPSS) Version 28 with the application of descriptive statistics and inferential statistics. They are central tolerance statistics (mean, standard deviation), correlation coefficient, regression and analysis of variance (ANOVA). They based their credit risk management on a set of two main indicators, that is, loan-to-deposit ratio and non-performing loans (NPL) ratio. A proxy variable of financial performance was Return on Assets (ROA).

The obtained outcomes of the research demonstrated the statistically significant correlation between profitability and management of credit risk. Loan-to-deposit ratio only described 0.4 percent ($r = 0.280$) of the variance in ROA meaning that it had little effect. Non-performing loans ratio, on the contrary, exerted much more of a negative impact since its coefficient explained 36.50 percent ($r = -0.681$) of the changes in ROA. This denotes the negative influence of the rising non-performing loans on profitability in Kenyan commercial banks.

The study established the fact that management of credit risks in commercial banks that are listed in Kenya has a significant impact on the performance of such banks. The study outlined that the absence of adequate credit risk measures, particularly accretion of non-performing loans, would grossly detract on the profitability and financial capabilities. Due to these results, the study proposed several steps, including the usage of intermediation with more optimized equilibrium between equity, borrowed money, and retail deposits to raise lending capacity and profitability. It (also) warned against a surplus of idle capital and suggested utilization. Moreover, it proposed a small loan to deposit ratio as a cushion against inadequacy alongside cash when the demands of withdrawal are escalated. Finally, it has encouraged the integration of credit risk management as part of bank strategy and the need to fortify the loan recovery mechanisms to absorb the negative effects of non-performing loans.

2.5.1. Environmental Assessment and Performance of Commercial Banks

Another paper conducted by Muneer (2025) has the objective of examining the impact of environmental disclosure on banking performance in a study of listed Saudi commercial banks with the title Role of Environmental Disclosures in Banking Performance: Study of Listed Commercial Banks of Saudi Arabia. The sample of the research consisted of ten listed Saudi Arabia commercial banks with a purposive sample over a nine-year span of 2013 to 2021. Semi-quantitative method was employed and the information gathered via content analysis of annual reporting documents prepared by banks. The rob test to check the robustness of this environmental disclosure index was developed, and regressed against metrics of banking performance, where the Generalized Least Squares (GLS) regression was used, and two estimators (fixed-effects and random-effect) were utilized. The theoretical background of the paper, although without a direct mention of a theoretical framework, follows Stakeholder Theory and Legitimacy Theory guidelines, which highlight societal and institutional influence on corporate disclosure behaviour. The paper reported a significant

increase from 39.23% of environmental disclosure level in 2013 to 71.29% in 2021, demonstrating an increase in environmental reporting level association with overall bank performance. Policymakers were recommended by the paper to enforce stronger environmental disclosure regulations, with banks integrating sustainability into strategic decision-making. In addition, it recommended a harmonized framework guiding environmental reporting by banks. The paper concluded that high environmental disclosure supports sustainability banking, along with meaningful performance improvements, with a highlight on oversight by regulators and stakeholder influence toward environmental accountability.

A research by Al Balushi et al. (2025) examined the effect of FinTech adoption on environmental performance among Oman's commercial banks There has been an increase in awareness of financial technology as a source of green innovation to banks and this led to the research... The research targeted eight domestic commercial banks and spanned a temporal horizon of 2015-2023. The researchers made a purposive selection of banks based on access to annual reports with no missing data. Through text-mining methods, relevant data on FinTech use and environmental disclosure were yielded from these reports. Two indices for FinTech adoption and environmental performance were then created based on data yielded. These were then tested for influence using univariate and multivariate regression analysis. The study, though without a stated theoretical background, conceptually draws support from Innovation Diffusion Theory and Resource-Based View, which posit that organizational performance is a function of adopting emerging technologies and strategic resource deployment.

The univariate analysis indicated a statistically significant, positive association of FinTech adoption with environmental performance, implying that greater digitalization is likely a

source of better environmental practices among banks. Nevertheless, while positive, the outcomes from multivariate regression analysis were statistically insignificant. This discrepancy had been explained by a smaller sample size and correspondingly low FinTech integration rates in initial years of the analysis. In spite of such constraints, it was concluded that FinTech adoption is a potential avenue for attaining an environmentally sustainable banking operation in Oman. Financial institutions, it was suggested, need to accelerate digital transformation, while regulators are expected to develop conducive policies for promoting such change. Additional research, extending sample size and using stronger econometric measures, is a suggestion for future studies.

Another research carried out by Sabore (2025) examined the effects of credit risk on Tanzania's listed commercial banks' financial performance, with emphasis on how certain risk indicators influence bank profitability. The research occurred within Tanzania's banking industry and made use of listed commercial banks' data from 2017 to 2024. Relying on a descriptive research approach, the research made use of purposive sampling for selecting banks that regularly published annual reports within the period of research. The secondary data was collected in the annual reports and analyzed with the help of combination of corresponding statistics, correlation, and multiple regression. To suit panel data structure, studies have also employed use of Housman test; thereby taking into account whether fixed effect or random effect modelling would give more precise estimations.

While no theory was directly explicated, implicitly, research coincides with Risk Management Financial performance and credit risk relations are described by Theory and financial intermediation theory. The research question that was analyzed in the paper was whether non performing loans (NPLs), capital adequacy ratio (CAR), firm size (F_SIZE), and debt-to-equity ratio (DER) have any influence over the return on equity (ROE). The findings

revealed that NPLs have a statistically insignificant but positive impact on ROE meaning that loan defaults are risky but do not always kill profitability. CAR showed an insignificant yet adv Firm size had a marginally favourable benefit, but DER had complex impacts that mirrored the two-fold financial impact of leverage's relationship with performance, which could imply inefficiencies in deploying capital.

The study demonstrated that, despite their importance, traditional metrics of credit risk do not solely determine bank profitability in Tanzania's economic environment. It promoted the use of advanced instruments to evaluate credit risk, improve asset quality control, taking advantage of economies of scale through strategic growth and supporting regulatory initiatives meant to foster resilience and innovation. Nonetheless, the study contends that these steps are required to support financial stability and accomplish sustainable growth for commercial banks in Tanzania's cutthroat financial environment.

In their paper, Effects of Environmental, Social, and Governance Imperatives on the Performance of Selected Listed Mortgage Banks in Nigeria (2021), Lawrence Wahua and Florence Ijeoma Ezeilo did a research on the role of ESG imperatives and their influence on the listed Nigerian mortgage banks. Mortgage banks were trade listed on the Stock Exchange. Three listed banks that participated in the analysis were examined in the period of 2015 2020. To select banks that had extensive data that is available to all relevant variables within the research period, the researcher engaged a systematic sampling methodology. The quantitative research design involved Multivariate Analysis of Covariance in the study.

(MANCOVA) for evaluating the three primary theories that were created. Value added, profitability, earnings per share, productivity, and size were employed as performance measures, and data analysis was conducted using the Statistical Package for Social Sciences (SPSS) software. The study's theoretical frameworks, Social Cost Theory and Stakeholder

Theory, helped to conceptualise the relationship between ESG variables and banks' performance. The results of the study showed that environmental requirements had no statistically significant effect on the banks' performance.

Nevertheless, social and governance imperatives positively, as well as statistically significantly, affected performance of the banks. The analysis found all the banks experienced declines in value added, profitability, as well as per-share earnings, in cases where ESG concerns were governed, but ESG factors affected the size and productivity of the banks in a mixed manner. In total, the research discovered that overall, ESG performance positively, as well as statistically significantly, affected performance of the banks during the research period.

The research explicitly stated that to ensure better performance and sustainability, planning at a corporate level needs to consider social and governance matters. The research stated that addressing social and governance problems was vital for Nigerian financial establishments to achieve future success. The authors advised that in light of assuring sustainability, business managers should reduce environmental costs. The conflicting findings in the research also advised conducting more research about production and size as a result of ESG demands. In summary, Wahua and Ezeilo's (2021) research evidenced that though environmental imperatives played a lesser role, societal and government imperatives played key roles in influencing Nigerian mortgage banks' performance enhancement. The research attested that Social Cost Theory as well as Stakeholder Theory can be employed to examine ESG factors in conjunction with financial performance.

Ghana's financial performance and money policies were examined closely in a paper by Kwakye, & Okai,(2025) entitled, Assessing the Impact of Monetary Policy on Financial Performance of Ghana's Listed Commercial Banks This paper aimed to determine the impact

of central bank policy instruments, such as reserve requirements, the Bank of Ghana-stipulated policy rate, as well as Open Market Operations (OMO), on profitability as well as overall fiscal stability of commercial banks. Policymakers as well as managers of commercial banks have to understand in depth these processes, considering the vital role played by the banking system in stability as well as economic growth.

Based on the secondary data collected based on the annual financial reports of listed commercial banks, research adopted a quantitative research paradigm besides adopting an explanatory research method. The study investigated the correlations between key monetary policy instruments and key performance measures such as capital adequacy, liquidity and even profitability of the banks. Given that the time frame involved was between years 2012 and 2022, studies had an opportunity to observe and record the changes in monetary policy over time in ten consecutive economic cycles.

The study drew conclusions showing a complex correlation between performance of the banks and the instruments used in the monetary policy of the central bank. According to the study, the statistically significant negative influence of the central banks issuance of government securities through the Open Market Operations (OMO) affects the profitability of commercial banks negatively. This has been attributed to the reduction in liquidity that has made banking to restrict lending by banks and hence reduced the amount of income making activities in the banks. Besides, an increment in policy rate by the Bank of Ghana had a statistically significant and negative influence on the profitability of commercial banks. The study established that an increase in interest rate decreases demand of commercial loans, which has adverse effects on the profitability of commercial banks because it lowers it due to decreasing the interest earnings of the commercial banks. The ratio of the reserve requirement which set minimum reserves the commercial banks are required to have too had a negative

effect on profitability. Research indicates that high reserve requirements make lending by commercial banks low and this reduces the chances of commercial bank lending. Such relationships were approximated by the research, employing the methods of panel data regression, with a caveat that revealed the necessity to undergo a Housman test to determine the right model of analysis (fixed or random effects). The impact of the financial performance was properly estimated by the monetary policy of the central bank of the banking system, which has peculiarities regarding the role of the central bank. Among the significant inputs in research presented by the research was the development of major policy proposals to the commercial banks and to the central bank, i.e., the Bank of Ghana. The study advocates that in OMO planning, the central bank must be as careful as possible because anything that can influence liquidity in a sharp manner is a source of loss to the commercial banks with regard to profitability. Periodic expansion of minor adjustments in the monetary policy would reduce the negative effects of monetary policy on commercial banks. The research also proposes that, the Bank of Ghana should apply counter-cyclical policies to the extent that, it opposes the effect of money tightening during economic gains and loosens the money during economic troughs to ensure credit growth and general growth is stimulated.

Also, studies indicate that the Bank of Ghana ought to have clear and transparent forward guidance concerning the interest rates policy. By committing to future policy in monetary policy, the central bank would help the banks plan their actions better because this would help them anticipate the future policy governing the monetary policy, implement changes in their plans and reduce uncertainty that adversely impact on their bottom line. Forward guidance is also considered as a key element both in the aspect of stability in the banking sector as well as assisting banks plan their operations more confidently.

Moreover, it has been found that the reserve requirement provides a good countercyclical instrument. During the economic growth, the bank of Ghana is able to raise the reserve requirements in order to curb the issue of over-lending as well as the economic overheating. Economies can reduce reserve requirements during times when their economies are weak in order to spur banks to issue more loans that can result in an increment in the economic growth.

The study reflects on the importance of good monetary policy to a robust stable banking system. With the right level of calibration of monetary instruments provided by the Bank of Ghana, and improved communication channel with the banks, the policymakers can establish a favorable situation.

as a platform of steadiness, profit and expansion of the banking array. According to research it is highly important that there should be a balance in the composition of the monetary policy considering the economic objectives of the nation along with the operating characteristics of the commercial banks.

Financial organizations, central banks in addition to the policymakers can gain a benefit through the research particularly in the developing countries like Ghana where the banking system is a major economic accelerator. The findings of the research are supposed to assist in

The contribution of policymakers to long term sustainability of banking system and effectiveness of their policies on money.

Mayaka, Bogonko, and Githinji (2020) conducted a research on how environmental assessment processes influence dynamic changes in the financial performance of listed commercial banks in Nairobi Securities Exchange (NSE) in Kenya. The motivation to conduct the study was based on the fact that poor performance was experienced by some of

the commercial banks in Kenya despite the sector having played a significant role in the generation of GDP, employment, poverty alleviation, and infrastructure development over the last decade. The study included a representation of eight out of the eleven listed commercial banks in NSE by 31 st December 2020. The stratified and random simplicity was used in selecting the samples to represent the listed banks. The study used an ex post facto research design which used both the qualitative and quantitative methods of data collection. The acquisition of data was made through structured questionnaires, and document analysis guides. The methodology of the research was directed at evaluating the practices of environmental assessment particularly the ability by banks to survey and respond to environmental stimuli and their effects on financial performance. This study does not attempt to subscribe to a particular theory although it is based on Strategic Management Theory that deals with both the environment scanning and evaluation to attain organizational effectiveness and competitiveness. The result of the research determined a degree of statistical significance of association between both the environmental assessment activities and that of the banking performance. There was a high level relationship found by the regression analysis which achieved the beta coefficient of 0.939 with p-value of .000. This implies that banks that follow the environmental reviews are likely to Do better in terms of money. Banking can watch out threats, scan in external possibilities, and being able to quickly respond to strategic moves using reviews.

The maintenance of the profitability and competitiveness of the Kenyan commercial banks was established to require excellent environmental scanning procedures. Recommendations made were that banks should install effective environmental scanning techniques in a manner that they guided the banks to be not only proactive but also dynamic to fluctuations in the market and regulating environments. The authors emphasised the role of such processes in

accomplishing the strategic positioning, informed decision-making, and raising the resistance to external shocks.

2.5.2. Employee Engagement and Performance of Commercial Banks

Influence of Training and Development towards Employee Engagement in Nepalese Commercial Banks, a research conducted by Niraula and Kharel, (2025), examines the extent to which training and development processes influence employee engagement in Nepal's commercial banking. The research sought to establish to what extent different training philosophies determine engagement levels in Nepal's expanding banking sector. For enhancing employee engagement as well as organisational performance, the research set out to elucidate the importance of strategic training and development.

A total of 384 workers from ten commercial banks took part in a survey carried out in Nepal, which was organized as a cross-sectional research design based on positivist assumptions. Participants from banks were sampled by a stratified random sampling, and a survey study design was employed to collect information. Data was analyzed using SPSS software and within the framework of determining the correlations between the factors of training and development and employee engagement. Research evidence has supported the opinion that the effectiveness of training, support to the leadership, and job alignment have a positive and statistically significant association with high employee engagement. The results emphasize that designed training programs have to be delivered appropriately with leadership that is comfortable with both employee occupation as well as career ambitions.

The research drew upon Human Capital Theory, which illuminates employees' worth for companies through investment in them in order to increase organizational performance and employee fulfilment. Social Exchange Theory was also applied to conceptualize employee

engagement and training, implying that if training is seen by employees as an investment by an employer, then employee engagement is likely to increase with that investment.

In terms of results, what emerged from the research is that when training activities are aligned appropriately with organizational objectives and supported by effective leadership, employee engagement significantly increases. The findings revealed that employees are more engaged and committed when they perceive strong alignment between their roles and the organizational vision, coupled with supportive supervision. In the context of Nepalese commercial banks, training and development were found to play a crucial role in promoting employee engagement, especially when backed by leadership support and strategic alignment of training content with organizational goals (Niraula & Kharel, 2025).

The paper has also pointed out that an effective training must not only be related to organizational requirements but also needs of individuals in terms of their career goals. Bank managers were consequently recommended to pursue training interventions that show the rising employees expectations at the same time cultivating a feeling of engagement and significance. Besides, the study identified the necessity to establish emotional and caring relations between the managerial and the personnel as the interpersonal relations had an effect on the elevation of the engagement rates, motivation, and productivity in the banking sphere.

This article of Abeysuriya and Gamage (2022) represented an investigatory research on the topic of Job Related Factors Affecting Employee Engagement: Evidence in Private Sector Commercial Banks in Colombo District in Sri Lanka. In their study, they wanted to know how factors related to jobs affect the engagement of the employees of employees at the executive level of three leading and privately owned commercial banks found in the Colombo District. The study involved time and resource limitations, and thus the study used the

unrepresentative convenience sampling technique. The researchers adopted a hypothesis-testing approach to establish the strength and direction of the relationships between the job factors and the engagement levels and thus provide information on ways through which the variables of the work environment influence commitment in the Sri Lankan banking industry.

Both data collection and the analysis of the same were quantitative encompassing the use of correlation analysis where the assumed relationships between the independent variables of rewards, opportunities of growth and development, and characteristics of the job and dependent variable of the engagement of the employees were correlated. The theoretical background of the study was the Job Characteristics Model and the Motivation Theory that consider intrinsic and extrinsic job factors in increasing the workforce motivation and engagement (Abeysuriya & Gamage, 2022). As it was discovered, all testing job related factors were statistically significantly and positively correlated with employee engagement. In particular, the rewards, opportunities to grow both, personally and professionally, and the nature of the job (autonomy, feedback, task significance, etc.) proved to be potent factors in predicting higher levels of engagement in the banking industry. These findings indicate the significance of the design of job roles so that they can offer meaning, nondependence, and recognition, which subsequently can provoke an increasingly motivated and engaged workforce (Abeysuriya & Gamage, 2022).

The moderating role of demographic variables also includes the role of age, gender, work experience, which showed in the study that work engagement levels are more or less variable among employees. The recommendations given by the authors were that commercial banks should invest in broad-based reward programs, establish open and realistic career development track, and regularly update the job designs to facilitate self-management and performance appraisals. Such interventions are expected to both increase the engagement of

employees, as well as to advance the organizational performance overall. Finally, the research confirmed that job-related aspects are indeed such factors, and their presence in a job can crucially affect an employee engagement and, therefore, they should be incorporated into human resource approaches in Sri Lankan commercial banks through a strategic approach (Abeysuriya & Gamage, 2022).

A study by Sulayon, and Traje, (2022), titled Influence of Employee Engagement on Organizational Commitment Among Employees of Commercial Banks, aimed to investigate the specific aspects of employee engagement that has a significant contribution, namely organizational commitment among the employees working in commercial banks located in Tagum City, Philippines. The aim of the research was to examine how different dimensions of engagement with the employees, i.e. job engagement and organizational engagement, affect the organizational commitment, i.e. affective commitment, continuance commitment and normative commitment.

The study was based on Tagum City and used 230 regular employees of various commercial banks as a sample. A quantitative non experimental research methodology or research tool was adopted to define relationship between employee engagement and organizational commitment in which a nonrandom sampling tool was implemented to randomly select the sample. To collect the data to measure the employee engagement and organizational commitment in the group of employees, two sets of modified questionnaires were administered. The data were analysed in order to retrieve the answer whether various spheres of employee engagement (job engagement and organizational engagement) influenced different aspects of organizational commitment.

This was a study done on Social Exchange Theory which was premised on the fact that mutual exchanges between employees and their employers lead to a greater sense of

organizational commitment. Based on the theory, the engaged workers are suspected to be more loyal and committed to an organization

The findings showed that the employee engagement was very high, in particular job engagement and organizational engagement. Similarly, organizational commitment was imminent in all the three components of affective commitment, continuance commitment and the normative commitment. The results supported the fact that organizational commitment and employee engagement had a strong association. Moreover, the study also determined that organizational engagement, and job engagement did predict organizational commitment amongst employees in Tagum City making these employees work in a commercial bank.

In the study, it was confirmed that organizational commitment in commercial banks is directly affected by employee engagement. The study is adamant that commercial banks should consider investing to a certain degree in job and organizational engagement as it would consequently enhance organization engagement. In line with the findings, the study has recommended that banks should invest in courses of employee engagement when it comes to certain aspects like job satisfaction and organizational alignment as they play a significant role in enhancing their commitment. Sulayon and Traje (2022) claim that employee engagement is significantly responsible in terms of organizational commitment of banks. The study directed towards the production of a more interesting working environment of banks in order to ensure loyalty and retention of the employees, which can, subsequently, contribute to better organizational performance as a whole.

In a study by Madondo, et al (2024), the authors set out to explore employee engagement in internal branding and gave it the title Exploring Employee Engagement in Internal Branding: A Case Study of Commercial Banks in Urban Masvingo. The aim of the study was to

determine the role of employee engagement on the effectiveness of internal brand activities among the commercial banks in Urban Masvingo, Zimbabwe.

The study was interested in knowing how employee commitment and the quality of the services offered became affected by the internal branding as these are critical parts of brand congruence in the service organizations, particularly banks The sample used in the study consisted of a blend of respondents such as shop floor workers, management level employee and clients who would be considered of various banks within the region. Those banks had employees and clients whom the sample was comprised of. Diversity and representative sample were attained by the stratified random sampling strategy. By means of such sampling, the researchers accessed the data of workers of different types and this gave an overall picture of internal brand activities.

The research used a quantitative survey research design in collecting data. Among the employees as well as customers the questionnaires were distributed to carry out an analysis of employee engagement, internal branding work, and the quality of service. This was succeeded by the use of statistical analysis and analysis of the trends to correlate the data on employee engagement and good internal branding programs. The study relied on Social Identity Theory, which presupposes that conformity of an employee with corporate values and branding missions is at the core of an efficient and stable staff of the company. Another study to gain some insight about the theory of branding was a research regarding the internal brand impact in the behavior of employees and customer satisfaction.

Some significant results came out of the survey. To start with, internal brand activities were mostly targeting the frontline personnel but there was a significant gap between the shop-floor employees. Secondly, there were no official recognition programs and budgets were absent to perform internal branding projects, thus leading to poorer performance. The

research identified strong managerial backing and staff engagement in the brand initiatives as some of the aspects that were highly important towards the increased engagement and brand value alignment.

There was a series of recommendations made at the end of the research on how to improve the process of internal brand building in commercial banks. These included the fact that banks had to assure consistent evaluation of employee engagement, branding as part of the human resource practice, in place of structured recognition and employee creation of brand programs. Such activities would not only complement the internal brand building activities, but also help to facilitate a superior organizational culture, improved service performance, leading to a strong enhanced brand equity in a competitive market of the bank.

Madondo, Masara, and Dhobha (2024) also highlight the fact that the success of the internal brand initiatives depends on employee engagement in the case of commercial banks. By employing the recommendational actions, banks can establish a more aligned organizational culture that would develop the quality of service delivery, employee devotion, and brand equity

Another paper by Eshiet et al. (2021) is titled Effect of Employee Cost on the Financial Performance of Commercial banks in Nigeria, which is a research that gauges the consequences of employee costs on profitability, by banks. The research was conducted in Nigeria, and would consider 10 of the banks sampled 15 banks that are on the list of the Nigerian stock exchange as at April 2021. The purposive criteria were applied in selecting samples based on available, and reliable financial statements of banks

The study entailed the use of quantitative ex-post facto research methodology, and only secondary data (obtained through annual reports and financial statement records of sample

banks) were retrieved. Descriptive statistics and Ordinary Least Squares (OLS) regression were utilised as a method of data assessment. Although there is no given theoretical underpinning, on a conceptual level the project is in line with the Human Capital Theory assuming investment in people (employees) aids in the positive impact on the organizational performance.

The results of the analysis revealed that employee expense has an impact of positive relationship of extreme importance on profit after tax and thus justifies the strategic nature of personnel cost. The authors argued that the recognition of expenditures incurred by employees as investment opportunities should be viewed instead of simply as operational costs, which was likely to bring concrete financial benefits.

This research advocates that the Nigerian commercial banks should count expenditure on staff members, including salaries, benefits and training as long-term investments. Such expenses are proven to help in enhancing the efficiency of employees and performance in a wider organisational perspective.

The research conclusion is that the line item employee expense has a direct influence on the profitability of the Nigerian commercial banks. Consequently, the way employees expend should be embraced as one of the sources of earning and competition. A research conducted by Machio, R. (2023), titled Analysis of Strategic Response on Employee Performance Among NSE Listed Commercial Banks, has investigated performance of the strategic players in the performance of employees in the Kenyan banking institutions.

The study was concentrated in the NSE listed commercial banks, where declining standards of employees performance and the stress among the employees was a source of concern over the last several decades, leading to the reduced productivity, high absenteeism, and

unfavorable employee retention rates. The general objective was to analyze whether strategic players, such as expansion in the market, cost-cutting initiatives, and strategic leadership, have some effects on the performance of the employees in these institutions with a subsequent emphasis on the moderating effect of adoption of technology to such a relationship in the assessment.

The topology used the descriptive design of research and the census type of sampling approach with an orientation to all 10 banks of NSE. The semi-structured questionnaires were administered to gather primary data with open questions and closed question to easily capture both qualitative and quantitative data conveniently. To analyze the data, descriptive statistics and inferential statistics (correlation and regression analysis) were implemented in SPSS that allowed to thoroughly analyze the performance of the employees in comparison to strategic participants. Theoretically, Strategic Management Theory and Resource-Based View Theory were the theoretical concepts used and they focused on organizational resources and also the strategic choice as far as it drives performance and competitive advantage. Among the findings, it was evident that strategic leadership and cost cutting strategies played a vital role in enhancing performance individual work by providing a sense of direction and properly utilizing organizational resources, but strategies on market growth were revealed to have no distinguishable impact on worker performance, which could imply that they would not make a difference on the employee morale or satisfaction. The research has also established that the relation between the performance of employees and strategic response could not be moderated significantly through the application of technology thus the technological interventions were not effective in the given setting.

The study concluded that improvement in performance of employees in commercial banks in Kenya requires not only cost cutting measures but also strategic leadership. These policies

were instituted to not only foster healthy working environment but also increase the organisational effectiveness that would enhance the productivity of workers. The implementation of technology, not to mention the expansion of the market, however, could not have provided any significant inputs in the working performance of the workers. The results point to the fact that banks ought to focus on leadership training and provision of the relevant encouragement to managers so as to ensure they make more strategic decisions. Also, banks were encouraged to adopt the idea of a cost-reduction strategy with caution, so that the morale of employees, not to mention their job satisfaction would not be sacrificed. Lastly, the studies concentrated on constant observing technology solutions to identify possible enhancement and track them with the augmenting performance of employees.

In this way, the study by Machio (2023) identifies cost-containment and strategic leadership as the parameters that determine employee performance in NSE-listed commercial banks in Kenya, whereas the growth of the market and technology adoption have an insignificant influence on employee performance in the specified country. The report notes that commercial banks are being compelled to deploy an integrated approach, where the emphasis is based on resources optimization and leadership in the way of achieving improved performance in organizations.

2.5.3. Learning Culture and Performance of Commercial Banks

Juan-Gabriel Cegarra-Navarro et al. (2021) developed a multi-faceted research article on the correlation between organisational learning culture and bank performance, with evidence drawn in Spain. This journal article had a geographic focus on Spain and its purpose was to examine the influence of such a learning culture facilitated by internal knowledge process on the performance of the commercial banks. More specifically, the study involved a well-

known banking organization in Spain, which is known to have an extensive geographical coverage as well as diverse provision of banking services in the country.

The study was a quantitative study which tried to use the Structural Equation Modelling (SEM) to test a thirty-nine-item construct of data gathered on 215 employees in 142 branches of a bank. Purposive sampling contributed to sampling the staff members who had the first-hand experience concerning the inner workings of the organization with learning culture and performance being the focal point. Targeted sampling was effective in ensuring that data submitted to be analyzed reflected the correlation between knowledge sharing, learning behaviors and performance at banks in a real sense.

Research was based on the organization learning theory and the networked based firm, which concentrate on knowledge within an organization as well as the way of learning which affect the capabilities and the competitive advantage of an organization. Such theoretical schools of thinking put forward the argument that continuous organizational learning brings about adaptive skills and is capable of producing superior organizational performance particularly in a competitive and dynamic business like banking.

The main research findings demonstrated that the organizational learning (particularly the learning about the customer needs, new stakeholders in the marketplace, and internal practices) had the direct influence on the higher financial performance. The findings focused on the conclusion that those to be employed in the practices (formal or informal settings) could best understand what was expected of them on behalf of the clients and situation and were able to better fulfill the expectations. In addition, internal mechanisms, tools and approaches which were learned and adopted by staff members had a lot of influence on the performance of the bank. Profitability in the bank was not only embraced but also a great deal

of learning was involved in terms of the facilitation of the larger socio-economic aspirations such as economic recovery and growth of the region as an example.

The constant learning along with the learning-sharing in order to remain competitive was the second groundbreaking conclusion. According to the survey, companies in the banking sector must give their employees the platform to innovate and experiment as the practice will assist in determining the fields of recurrent development and growth. The inference is that in order to make banks competitive in the presence of emerging economic challenges in the world, there must be an organisational learning culture.

The research conclusions supported the fact that learning and sharing knowledge at all levels of the organisation were very critical. These processes are sharing of knowledge between various branches and units, continuous training procedures and the facilitation of teamwork. It was also recommended that banks should integrate these forms of learning in corporate governance systems because knowledge would become an efficient instrument in achieving long-haul financial and operating success.

The most interesting recommendation offered in the research is leadership in banks with the attention to the development of the human-centered leadership style with the focus placed on continuous learning and flexibility. Innovation and digital transformation of banks is an area where such a leadership style can prove to be useful. To ensure that leadership instills innovation and boosts the level of performance, it must also inculcate experimentation culture, and sharing of fresh ideas.

The research also factored the need to conduct future research in the examination of the role played by the different leadership styles (like transformational style of leadership), and how this leads to innovation and performance among the banks. The study of the leadership styles

that influence learning culture development can also prove valuable to help to optimize the organizational learning.

Zhang et al. (2024) also empirically investigate the interdependency among the organizational culture, organizational innovation, and knowledge sharing concerning the acquisition of competitive advantage and improvement of the performance of firms. This was carried out in the Punjab textile manufacture industry of Pakistan and purposive sampling applied. There were 322 respondents who were managerial in nature. The managerial respondents assumed to follow other criteria of choosing their representatives explicitly because of their involvement in processes of the organization, i.e., the innovation and cultural problems aspects and, therefore, enable the assurance in their reliability and situational adequacy of data collected.

The theoretical support of Resource-Based View (RBV) perspective, which presumes that internal organizational resources can serve as significant catalysts towards sustaining competitive advantage in the long run, became the guiding pillar to set the quantitative research design accordingly and to employ the variation-based Partial Least Squares Structural Equation Modeling (PLS-SEM) method to specifically test and empirically validate hypotheticalised relationships that exist among research constructs.

The results of the study point to the statistical significance and positive correlation of the organizational culture, knowledge sharing, organizational innovation, and competitive advantage. Moreover, it was established that competitive advantage acted very well as a gauge of excellent firm performance. The analysis also indicates the moderating impacts of innovation and knowledge sharing as well, which in turn were established as playing a critical part in causing the rise in the affiliation of the organizational culture to the

competitive advantage. This indicates towards the additive mechanisms through which organizational cultural determinants get converted into the extrinsic marketplace results.

Based on these findings, there arises a call among scholars to engage in strategic investment in organizational culture that is innovation based and knowledge intensive particularly among the firms in the highly competitive industries. It is called upon by the authors that managers must input the cultural values that facilitate the general strategic agenda of the firm in order to foster agility, ability to innovate, and other competitiveness in the long term.

Zhang et al. (2024) further advances existing literature as it clarifies the role of the internal processes and in particular culture, knowledge-sharing, and innovation on interaction to influence competitive positioning and financial performance. The study offers strategic insights to practitioners who would want to use organizational culture as the key asset in the effort to achieve enhanced performance and also market salience.

Through empirical analysis Aktar (2023) tried to find out what importance different training and development strategies have to play in shaping employee performance and the job satisfaction of the commercial banks of Bangladesh. It was a quantitative research method, including 12 commercial banks in that research. Data collected is both a first as well as second-hand kind where the primary data was collected through structured questionnaire administered to the 250 banking experts. The valid participants were totalled at 200 and analyzed. Purposive sampling was employed and that was, direct involved, and affected groups of employees.

Although the study did not use a clearly defined upon conceptual model, it is theoretically relevant in terms of Human Capital Theory that assumes that investment on organizational training will increase the individual productivity within an organization to enhance overall

organizational performance. To determine the degree to which the traditional training methods are effective, the research evaluated seven commonalities, and the three categories that were analyzed included job rotation, informal learning, and seminar-based training.

Findings were disclosed that informal learning practices had statistically positive influences on employee satisfaction and performance indicators that showed an interacting relationship with one another. The relationship between job rotation and seminar approach with both employee satisfaction and performance was also found to be positive, but the impact of these approaches was lower when compared to those of the other methods. Such results indicate that informal and learning by doing may have more value and can be more economical in terms of both perceived and actual performance than the traditional formal learning models.

Based on the results of these studies, one can notice that the combination of informal learning and job rotation with seminars can be justified as an employee development plan in the context of banking. It also justifies strategic alignment of delivery modalities in training to organizational goals, which entails highlighting an orientation towards customisation of modes of training to be incorporated in not only unique job profiles but also needs of employees.

Aktar (2023) reaffirms all the importance of context-sensitive and resource-conservative trainings with respect to the employee development. The research will add to the growing body of literature connecting employee training to organizational performance especially against a dynamic and also competitive working environment of the banking sector of Bangladesh.

Mutsoli and Macharia (2025) authored a conceptual study that investigated a leadership, learning culture and innovation interface in the Kenyan banking industry with a case study of

reference to Kenya Commercial Bank (KCB). With the literature-based qualitative research envisagement, the research utilizes the available theoretical and current conceptual evidence to delve into the role that strategic leadership has played towards the development of a learning-centred organizational culture, one that is both innovative and equally transformative within one particular institution.

It informed the analysis through a purposeful sample of secondary literature that constituted a broad scope of the academic literature in leadership and innovation in financials. Although it did not use primary empirical evidence, its theoretical framework is complemented with various theoretical frameworks. These are the most basic of them all and the first one is the Transformational Leadership Theory that emphasizes the role of inspirational motivation, intellectual stimulation and individualized consideration as motivators of innovative behavior. The authors also discussed more supportive constructs of the situational leadership, distributed leadership, and responsible innovation leadership to ensure a better theoretical account and a multi-dimensional elucidation of banking leadership.

Such significant results highlight the major contribution that leadership makes to support technological integration, ideation, experimentation, and a continuous learning and teamwork culture. Leadership in KCB was also a motivating force in the formation of facilitating environments that stimulate employees to come up with adaptive reactions to changing client expectations. The study also established that there existed a lack of knowledge level in the past regarding the leadership qualities in moving innovation and results of such leadership practices on the performance of innovation amongst the commercial banks that could be measured.

Based on these observations, the authors posit that banks embrace people-oriented responsive and inclusively developed programs of leadership development with the aim of building

innovation in the lowest organizational levels. They refer to authors who state that all those initiatives are crucial in order to address the issue of digital change along with organizational resistance. At last, the authors propose that effective leadership may work as the excellent driver of organizational learning, innovativeness, and innovation particularly in the environments of dynamic and uncertain conditions. It also hypothesizes that the empirical studies in future research should examine the relations that link the leadership style and innovation performance in banking sectors.

2.5.4. Monitoring and Control and Performance of Commercial Banks

According to Harb et al. (2025), the study assessed the implication whether the use of the COSO internal control model that comprised risk assessment, control environment, control activities, monitoring and information and communication on the quality of the financial statements of the Jordanian listed commercial banks. The study was conducted in Jordan and the target population consisted of commercial banks workers. 450 questionnaires were administered and 399 were retrieved and by far they were all valid since the response rate was high (88%). An organized approach was employed when selecting the sample despite the fact that the sampling inclination employed actually is not a clear elaboration.

The study was done using a descriptive analytical methodology whereas the analyses were done using the SPSS software. There was no incident involving any particular theories which the researched was founded on, although COSO model came as the framework on which the research relied.

As the obtained research indicates, the COSO internal control model along with all its constituents proves its significant direct effect on boosting the quality of financial reporting levels to a considerable extent. The most influential among all the components was the monitoring one. According to the findings, it is stated that more people within the publishing

banking management of Jordan should be aware of learning and implementing the COSO internal control model as it involves improvement of reporting quality.

The conclusion made by the Harb et al. (2025), was the overall implementation of the COSO internal control processes was required to provide financial information of Jordanian commercial banks with accuracy and transparency. In an effort to investigate the evaluated bank performance in terms of the internal control systems, which is moderated by the moderating role of corporate governance, a study by Oppong et al. (2023) was conducted. The research sample size consisted of 250 top managers in the rural banks of Ghana whereby the head office is located in the capital city of Ghana.

In the research study, the research methodology consisted of a multi-structured questionnaire to collect data among the group of respondents. The reliability and validity of data were determined with the help of Cronbach alpha and Fornell-larcker tests. Analysis of the data was done using Partial Least Square Structural Equation Model (PLS-SEM).

The results of the research indicated that corporate governance and the internal control mechanisms have a direct and positive impact regarding financial performance. There was also proper interaction of corporate governance and internal control mechanism which impacted a lot on financial performance which lends credence to moderating effect associated with correlation between internal control and financial performance by corporate governance.

According to the results of the study, the researcher proposes that better corporate governance mechanisms should be developed in the organizations, namely banks, to ensure that the organization internal control mechanism can work better overall leading to improved financial performance.

This study is valuable to the existing knowledge because it analyses the moderating role of the concept of corporate governance, in such a way that it not only has an impact on the implementation of the internal control systems, but also impacts the financial performance of the whole organization.

The research paper, titled Assessing the Impact of Internal Control on the Performance of Commercial Banks in Tanzania, conducted by Bilegeya and Mrindoko (2023) in the context of the Applied Research Conference in Africa (ARCA 2022), aims at conducting an evaluation of the effect of internal control system in determining the performance of the listed commercial banks in the Dar es Salaam Stock Exchange (DSE) in Tanzania. The study was conducted in geographical setting of Tanzania and in among the seven listed commercial banks on DSE. The sample population consisted of 100 employees of commercial banks and 7 branch managers which were randomly selected.

The existing research design is cross-sectional descriptive and the mixed methodology of both qualitative and quantitative data was employed. Data was collected using questionnaires and interview guides of the branch managers and primary and secondary data were utilized. The descriptive statistics and regression models were applied to analyse quantitative data, content analysis was applied to qualitative data. The variables used as internal control were control environment, information and communication and monitoring, with financial performance measure as the variable return on assets (ROA).

Based on the studies, to a significant extent, the commercial banks in Tanzania have implemented internal controls as a way of implementing them. The impact of control environment was extremely significant and positive on the performance ($t = 58.207$, $p = 0.000$), the same was with information and communication ($t = 48.989$, $p = 0.000$) as well as

on monitoring (t = 52.020, p = 0.000). The results describe the fact that the internal control components encourage profitability of commercial banks.

The two authors, thus, recommended that the commercial banks need to continue with the strengthening of their internal control systems particularly towards the environment of controls, communication, and monitoring so that there is consistency in financial performances. The study determined that the aspects are vital in profitability and protection of the banking system. This research too took note of its limitations namely focusing only on the sample size of seven banks and applying a small sample set of internal control factors and future studies could benefit best by expanding the sample size and control factors.

Ngeta (2023) conducted a research titled The Impact of Internal Control Systems on the Financial Performance of Listed Commercial Banks in Machakos Town, Kenya with the aim of establishing how internal control systems influence the financial performance of commercial banks in the identified location. The study selected a location to be given geographical consideration as Machakos Town, Kenya and all the listed commercial banks in that location were the focus of sampling consideration. Due to the fewer number of such banks a census type of selection was employed in the institutional selection whereas the 39 respondents selected using a purposive type of selection with three respondents sampled out of every pool of 13 commercial banks available in the location.

In the study, the causal and correlational research designs were employed in establishing and measuring the relationship between internal control mechanisms and performance. Data were collected using self-completion structured questionnaires which gave primary data to be analyzed. The analysis of quantitative data consisted of the description statistics and correlation analysis through SPSS version 26. The reliability of the data collection instrument was tested by Cronbach R alpha which confirmed its reliability to be more than 0.7, 0.7 being

the highest reading of internal consistency and reliability. Although they do not mention a particular theory model, the research aligns with the Agency Theory that considers internal control mechanisms as the ones that avoid the agency conflicts and develop sound financial control. As demonstrated by empirical evidence, the internal control mechanisms in a narrow sense such as the dimensions of risk assessment and monitoring had a statistically relevant and direct impact on the financial performance of the banks. The explanatory value of the predictor variables was 54 percent which was high in terms of variation in financial performance.

On this basis, the study proposes that commercial banks have to put in place stringent internal control systems in case they would like to perform better financially. Regular revision and improvement of internal policies and procedures, especially on those linked to risk control and monitoring, were also on the cards to create a truly sustainable performance and to ensure that the banks follow regulations. The research has ended by observing that commercial banks of Kenya need good internal controls that enhance their financial performance and operational viability.

This research conducted by Gitau (2024) aimed at determining the impact of monitoring of the financial performance of listed commercial banks in Kenya as a form of internal control mechanism. The research targeted 191 employees in a target population of 379 employees with a sample size study being done in Kenya. The sample was obtained through the use of a self-completion questionnaire. To determine whether or not there was a relation between the independent variable (monitoring activities) and the dependent variable (degree of financial performance), the study approach involved descriptive research design and correlation and simple regression analysis.

Descriptive statistics adopted in the study were mean, standard deviation, and frequency distribution of the recorded data. The outcomes pointed out that the performance of the commercial banks was influenced by the monitoring activities significantly and positively (1 = 0.285; t = 2.501; $p < 0.05$). Based on these results, proper monitoring activities are fundamental in performing better the listed commercial banks in Kenya.

The study suggested that improving performance may be realized through the adoption of appropriate monitoring exercises in the internal controls mechanisms by financial institutions. This would play a very vital role in ensuring good performance in finance.

2:6 Knowledge Gaps

The reviewed literature is aimed at discussing the various determining factors of commercial bank performance in different regulatory, strategic and economic environments. Nonetheless, there are a number of gaps within the context that warrants the current study. Most of the available literature is country specific and is set in a country like Kenya, China, Nepal, Ethiopia, Zambia, Nigeria, Zimbabwe, and Tanzania. Such a local geographical focus limits the ability to comparatively assess how different institutional settings influence performance and how regulatory and cultural conventions affect performance. In addition, a biased attention is on listed commercial banks, and omits smaller or unlisted banks like rural banks and microfinance banks which operate on different operational environments and have different market segments served.

Usually, the factors that influence customer behaviour, employee performance and operational efficiency are under-studied socio-cultural factors. According to Kamiji Ndonji (2024), these are some of the significant elements that influence the delivery of services and the clients; however, they are given little attention in most research works. This kind of monitoring reduces the extent to which research findings can be applied to bigger populations

and other realities in the market. Besides, most of the literature gives incomplete pieces of information as they consider singular performance drivers like credit risk, interest rate liberalization, or strategic planning. These factors are hardly synthesized into a single analytical structure and thus making it hard to conclude purely on the performance of banks in a holistic manner.

Theoretically, it involves a stern dependence on financial measures of performance like Return on Assets (ROA) and Return on Equity (ROE) without focusing on other non-financial factors like customer satisfaction, innovation capacity, and environmental and social governance (ESG) issues. In terms of their methodology, the majority of studies rely upon secondary quantitative information collected by means of audited financial statements or archival statistics. Such an approach proves effective in estimating large trends; however, it does not disseminate qualitative knowledge into decision-making and thought processes, management, or the organizational culture. Also, cross-sectional designs and correlational designs are predominant, hence, reducing the ability to discover causation or longitudinal effects of strategic change initiatives.

Theoretically, the literature does not have strong interaction with the broad strategic management systems. As can be seen, some research refer to theories that include information asymmetry, moral hazard, or adverse selection, but few studies apply systematic theories, such as the Resource-Based View (RBV), Dynamic Capabilities Theory, or Institutional Theory. Emerging and multi-theoretical models that focus on digital transformation, sustainability, and integration of the stakeholders are not heavily used even though they become more relevant to this world. Taken together, these gaps support the idea of a more holistic, theory-trained and methodologically encompassing inquiry like the one developed in the present study that maintains that the practices involved in managing change

determine the performance of commercial banks in the dynamic and evolving financial environment in Kenya.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

This chapter introduces the research methodology of the study which is being proposed. The methodology deals with the data related part of the research, such as the research design, target population, research tools, sample and sampling methods, data gathering and analysis procedures and ethical issues.

3.1 Research Philosophy

The current research was guided by the pragmatist philosophy of research, which was deemed right as the concept of change management in Kenyan banking industry is complex and dynamic. Pragmatism emphasized the use of multiple approaches to understanding the relationship between change management strategies and performance outcomes, drawing on both objective measurements and subjective experiences (Saunders et al., 2023). Since the research aimed to investigate practical outcomes and managerial insights within real-world banking environments, the pragmatist paradigm provided a suitable foundation.

The pragmatic philosophy acknowledged that knowledge could be derived from both observable phenomena and individual interpretations. It supported the integration of qualitative and quantitative methods to examine how strategic change interventions such as organizational restructuring, digital banking initiatives, and customer engagement reforms affected the operational performance of commercial banks (Creswell & Creswell, 2023). This approach was crucial in addressing the multifaceted nature of organizational change, which involved both measurable performance indicators and contextual organizational behaviors.

Furthermore, the study adopted pragmatism to allow flexibility in method selection and to focus on solutions to practical problems. The philosophy facilitated the exploration of

different perspectives from bank managers and employees, thus enriching the understanding of change implementation and its impact on bank performance. This was particularly relevant in the Kenyan context, where regulatory shifts and technological innovations had a direct influence on strategic management practices (Ndegwa & Muathe, 2022).

3.2 Research Design

The research design that was used in the present study entailed descriptive cross-sectional study design, which was suitable in studying the connection between change management strategies and performance of commercial banks in Kenya. The descriptive element enabled an orderly and organized comprehension of the manner in which change management techniques were executed in different institutions. The cross-sectional type of the design allowed identifying the information collected at one time, which presents the picture of the connection between variables like environmental assessment, employee engagement, learning culture, and monitoring and control and the way it was turned into the performance of the organization (Pawar, 2021). This design was especially good to draw patterns, differences, and relationships among banks without the need to make a long term tracking.

The study adopted a quantitative research design to objectively measure and statistically analyse the associations between the variables under investigation. This means that the researchers relied on numerical data and statistical tools to identify patterns, test relationships, and draw generalizable conclusions, thereby minimizing subjectivity in the interpretation of results. Data was collected from bank managers using structured questionnaires, which were designed to ensure consistency and reliability in capturing their experiences and perceptions of change management strategies. The use of a quantitative approach enhanced the comparability of findings across different commercial banks and improved the overall validity and generalizability of the results (Pawar, 2021). This design,

therefore, supported the study's purpose of explicating and assessing the influence of change management practices on the performance of commercial banks in Kenya as institutional entities.

3.3 Target Population

The target population for this study comprised the 38 commercial banks in Kenya licensed by the Central Bank of Kenya (Central Bank of Kenya, 2025). The unit of observation was two managerial positions in each bank, namely the head of operations department and the strategy manager. The unit of analysis was the 76 individual managerial responses obtained from these positions across all the banks.

Table 3: 1Commercial Banks in Kenya

Listed Commercial Banks	Population
ABSA Bank Kenya	1
Access Bank Kenya	1
African Banking Corporation Ltd.	1
Bank of Africa Kenya Ltd.	1
Bank of Baroda (Kenya) Ltd.	1
Bank of India	1
Citibank N.A Kenya	1
Consolidated Bank of Kenya Ltd	1
Co-operative Bank of Kenya Ltd.	1
Credit Bank Ltd.	1
Development Bank of Kenya Ltd.	1
Diamond Trust Bank Kenya Ltd.	1
DIB Bank Kenya Ltd.	1
Ecobank Kenya Ltd.	1
Equity Bank Kenya Ltd.	1
Family Bank Ltd.	1
First Community Bank Ltd.	1
Guaranty Trust Bank (Kenya) Ltd.	1
Guardian Bank Ltd.	1
Gulf African Bank Ltd.	1
Habib Bank A.G Zurich	1
I&M Bank Ltd.	1
Kingdom Bank Ltd	1
KCB Bank Kenya Ltd.	1
Mayfair CIB Bank Ltd.	1
Middle East Bank (Kenya) Ltd	1
M-Oriental Bank Ltd.	1
National Bank of Kenya Ltd.	1
NCBA Bank Kenya PLC	1
Paramount Bank Ltd.	1
Prime Bank Ltd.	1
SBM Bank Kenya Ltd.	1
Sidian Bank Ltd.	1
Spire Bank Ltd.	1
Stanbic Bank Kenya Ltd.	1
Standard Chartered Bank Kenya Ltd.	1
UBA Kenya Bank Ltd.	1
Victoria Commercial Bank Ltd.	1
Total	**38**

Central Bank of Kenya (2025)

3.4 Sample and Sampling Procedures

This study employed a purposive sampling procedure, targeting specific respondents whose roles were directly aligned with the research objectives. Since all the 38 commercial banks licensed in Kenya by the Central Bank of Kenya formed part of the study, the approach amounted to a census of the banking institutions. Within each bank, two key managerial positions the head of operations department and the strategy manager were purposively selected as respondents. These individuals were chosen because their responsibilities and experience in overseeing institutional change positioned them as the most knowledgeable to provide relevant insights. Consequently, the study achieved a sample size of 76 respondents, representing two from each of the 38 banks (Mweshi & Sakyi, 2020).

Table 3:2 Sample Size

Banks	Head Of Operation Department	Strategy Managers
ABSA Bank Kenya	**1**	**1**
Access Bank Kenya	**1**	**1**
African Banking Corporation Ltd.	**1**	**1**
Bank of Africa Kenya Ltd.	**1**	**1**
Bank of Baroda (Kenya) Ltd	**1**	**1**
Bank of India	**1**	**1**
Citibank N.A Kenya	**1**	**1**
Consolidated Bank of Kenya Ltd	**1**	**1**
Co-operative Bank of Kenya Ltd.	**1**	**1**
Credit Bank Ltd.	**1**	**1**
Development Bank of Kenya Ltd.	**1**	**1**
Diamond Trust Bank Kenya Ltd	**1**	**1**
DIB Bank Kenya Ltd	**1**	**1**
Ecobank Kenya Ltd.	**1**	**1**
Equity Bank Kenya Ltd.	**1**	**1**
Family Bank Ltd	**1**	**1**
First Community Bank Ltd.	**1**	**1**
Guaranty Trust Bank (Kenya) Ltd.	**1**	**1**
Gulf African Bank Ltd.	**1**	**1**
I&M Bank Ltd	**1**	**1**
Kingdom Bank Ltd	**1**	**1**
KCB Bank Kenya Ltd.	**1**	**1**
Mayfair CIB Bank Ltd	**1**	**1**
Middle East Bank (Kenya) Ltd	**1**	**1**
M-Oriental Bank Ltd.	**1**	**1**
National Bank of Kenya Ltd.	**1**	**1**
NCBA Bank Kenya PLC	**1**	**1**
Paramount Bank Ltd.	**1**	**1**
Prime Bank Ltd.	**1**	**1**
SBM Bank Kenya Ltd.	**1**	**1**
Sidian Bank Ltd	**1**	**1**
Spire Bank Ltd	**1**	**1**
Spire Bank Ltd.	**1**	**1**
Stanbic Bank Kenya Ltd	**1**	**1**
Standard Chartered Bank Kenya Ltd.	**1**	**1**
UBA Kenya Bank Ltd	**1**	**1**
Victoria Commercial Bank Ltd.	**1**	**1**
Total	**38**	**38**

Central Bank of Kenya (2025)

3.5. Description of Research Instruments

A structured questionnaire has been used to determine the overall impact of change management strategies, i.e., environmental scanning and employee-involvement, learning culture, and monitoring and control on organizational performance in the commercial banks within Kenya (Oben, 2021). The tool included three primary scales, namely, demographic data, change management plans and how organizations perform. The demographic section included data like job title of the respondent and years of experience that placed the participants in a context and guaranteed a variety of opinions among different levels of professionalism within the banks.

The second part of the questionnaire assessed the four strategies of change management using a set of precise focused statements, which represented real practices in the commercial banks. The last part measured performance outputs that included customer satisfaction, innovation of services as well as efficiency of processes. The questionnaire would contain both closed and closed-ended questions with a five-point Likert scale of rating and additional open-ended ones in an attempt to give a deeper understanding. This mix enriched the presented data and further promoted validity and reliability of the results concerning the correlation of the change management strategies and organizational performance (Oben, 2021).

3.6.1 Pilot Testing

To determine whether the data collection instrument was reliable, clear and valid, a pilot test was carried out in this study. Pilot test was also done in Nairobi County where a large portion of commercial bank headquarters and regional offices are situated. Specifically, the eight respondents that were used in the pilot belonged to the ranks of four Human Resource Managers and four Project Management Officers in commercial banks that were not part of the final study sample. The country selected to conduct the pilot exercise was Kenya, which has four banks that were identified to use. These were Ecobank Kenya, Bank of Africa

Kenya, Habib Bank AG Zurich and Victoria Commercial Bank. This made sure that pilot have not affected the key research results although they resembled the common organizational patterns and environments.

Pilot testing was aimed at determining whether the items in the questionnaire were intelligible, pertinent, and that they would represent the constructs reflecting on the issue of change management strategies and organizational performance. It is important to note that through the pilot exercise, ambiguities, redundancies, and inconsistency in the design of the instrument were also identified (Hashim & Ahmad, 2020).

The researcher used the questionnaire directly and tested the internal consistency of the responses of the participants. In case the reliability coefficient was lower than the acceptable level of 0.70, the instrument was revisited in an attempt to perfect it concerning clarity and accuracy. After the instrument had acquired its acceptable degree of reliability and validity, it became established as one that could be used in the formal data gathering process.

Table 3.3: Reliability Statistics for Pilot Study (N = 8)

Section	Construct	No. of Items	Cronbach's Alpha (α)
B	Environmental Assessment	10	0.781
C	Employee Engagement	10	0.803
D	Learning Culture	10	0.768
E	Monitoring and Control	10	0.794

Source: Pilot Data (SPSS Output), 2025

As presented in Table 3.3, all sections recorded Cronbach's Alpha values above 0.75, which exceeds the minimum threshold of 0.70 recommended by Nunnally and Bernstein (1994). Specifically, Environmental Assessment recorded $\alpha = 0.781$, Employee Engagement $\alpha = 0.803$, Learning Culture $\alpha = 0.768$, and Monitoring and Control $\alpha = 0.794$. These results confirm that the instrument has acceptable internal consistency and is fit for use in the main data collection phase without the need for major revisions.

3.6.2 Validity of Data Collection Instruments

Validity was used to define the level at which a research tool was able to quantify the idea that it was supposed to manifest (Lim, 2024). The study involved two important concepts of validity, namely, construct validity and face validity in order to ascertain that the data collected were relevant and meaningful.

Construct validity was investigated to assess the effectiveness of the use of the questionnaire items to reflect the theoretical constructs that were involved in the study. It was effected by making sure that everything fitted in the conceptual definitions of change management strategies and organization performance. Questionnaire items used were formulated using the review literature and theoretically guided conceptual framework of the research to ascertain their sensitivity to the constructs involved. The items only retained were those that proved to be associated strongly with these constructs theoretically.

Face validity was used to prove whether a questionnaire seemed, on the surface, to measure what it was supposed to be measuring. A review by subject-matter specialists was done where clarity, relevance and appropriateness of items with regard to research objectives are evaluated. Factors that led to misconception or what was not correct were revised or abolished. Through these validity tests, the research minimized the chance of gaining unrelated or unmatching information, thus increasing the validity and the trustworthiness of the results (Lim, 2024).

3.6.3. Reliability of the Research Instrument

Reliability referred to the ability of a study instrument to produce stable and consistent findings upon repeated administrations (Masuwai & Hamzah, 2024). The tool was considered reliable if it yielded similar results under normal conditions; inconsistent results suggested potential weaknesses in the instrument’s design or clarity (Ranganathan & Frampton, 2024).

The pilot test was carried out in Nairobi county and included a sample of the Heads of operations and Strategy managers of commercial banks that did not form part of the main sample. The pilot test was intended to examine the rationale of internal consistency of the questionnaire and determine the problems that could have influenced the quality of data.

The reliability of the results was determined with the use of Cronbach Alpha measure of reliability that varies between 0 and 1 and it denoted the level of consistency of questionnaire items. It was considered that the Cronbachs Alpha value of 0.7 or more was a sufficient indicator of reliability confirmation (Setiyorini et al., 2022). The process meant that the research tool was perfected and ready to be utilized in the collection of data on a large scale**.**

Table: 3.4: Construct Validity

Correlations					
		Environmental Assessment	Employee Engagement	Learning Culture	Monitoring control
Environmental Assessment	Pearson Correlation	1	.584**	.169	.400**
	Sig. (2-tailed)		.000	.144	.000
	N	76	75	76	76
Employee Engagement	Pearson Correlation	.584**	1	.231*	.352**
	Sig. (2-tailed)	.000		.046	.002
	N	75	75	75	75
Learning Culture	Pearson Correlation	.169	.231*	1	.121
	Sig. (2-tailed)	.144	.046		.299
	N	76	75	76	76
Monitoring control	Pearson Correlation	.400**	.352**	.121	1
	Sig. (2-tailed)	.000	.002	.299	
	N	76	75	76	76
**. Correlation is significant at the 0.01 level (2-tailed).					
*. Correlation is significant at the 0.05 level (2-tailed).					

The results of the correlation analysis Table 3.4 show the existence of a number of statistically significant associations amid the study variables. Environmental assessment and employee engagement are positively correlated and the correlation is strong ($r = .584$, $p < .01$) such that a strong relation is realized between employee engagement and improvement of environmental assessment practices in the listed commercial banks in Kenya. Also, there is a positive significant correlation between environmental assessment and monitoring control ($r = .400$, $p < .01$), which implies that a good environmental assessment procedure leads to a better monitoring and control process. There is a moderate positive correlation of a small value between employee engagement and learning culture ($r = .231$, $p < .05$), which holds that engaged employees have more chances of promoting the entry of a culture of learning. On top of that, the engagement of employees has a moderate and positive correlation with monitoring control ($r = .352$, $p < .01$), indicating that engagement positively affects the control measures implementation. Nevertheless, the correlations between environmental assessment and learning culture ($r = .169$, $p > .05$), and between learning culture and monitoring control ($r = .121$, $p > .05$) are weak and не significant, which means that they have no statistically important linear relationships in this case. The findings obtained by the use of only quantitative data shows that environmental assessment, employee engagement, and monitoring control can be viewed as interconnected based on them, whereas the role of learning culture in this specific framework is limited.

3.7 Data Collection Procedures

The data collection was undertaken as a systematic and structured procedure to make the data-gathering instruments utilized correctly and efficiently applied (Taherdoost, 2021). The researcher acquired an ethical clearance through the National Commissioning of Science, Technology and Innovation (NACOSTI) and the Department of Postgraduate Studies at the

Catholic University of Eastern Africa (CUEA). The central bank of Kenya also allowed the entry of researchers in licensed commercial banks as permission was sought and granted.

When these approvals were obtained, the researcher sought permission to the administrative units of the targeted commercial banks. The structured questionnaires were then administered personally to the Heads of Operations and Strategy Managers who should be the key respondents because they participated in the implementation of change management strategies. The researcher described the aim of the study and gave instructions on how to complete questionnaire before its administration. In order to fill all questions and assuring quality of data, the researcher ensured that all the filled questionnaires were subjected to analysis.

3.8. Data Analysis Procedures

Data integrity was ascertained through coding and cleaning of all collected data that identified, and provided solutions to, possible errors, inconsistencies, and missing values. Descriptive statistics were calculated in the form of means, standard deviations, and percentages in order to summarize the tendencies, and variability of the participants (Dhudasia et al., 2021).

Relationship between change management strategies and organizational performance was tested using Pearson correlation and the rank correlation of Spearman. The use of Pearson correlation followed an interval level data whereas Spearman or rank correlation of data was used in ordinal data where the normality assumption could not be satisfied.

To calculate the overall impact of the independent variables on the performance of the organisational, multiple regression analysis was used. This kind of analysis assisted in making a determination on the extent to which the predictors explained differences in the dependent variable.

Statistical Package for Social Sciences (SPSS) version 28 was used to analyse all the data.

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

Where:

Y = Performance of Commercial Banks in Kenya

$\boldsymbol{\beta_0}$ = Constant term (intercept)

$\mathbf{X_1}$ = Environmental Assessment

$\mathbf{X_2}$ = Employee Engagement

$\mathbf{X_3}$ = Learning Culture

$\mathbf{X_4}$ = Monitoring and Control

$\boldsymbol{\beta_1, \beta_2, \beta_3, \beta_4}$ = Regression coefficients representing the influence of each change management strategy on bank performance

$\boldsymbol{\epsilon}$ = Error term accounting for unexplained variation

3.8. Diagnostic Testing

Shaikh et al. (2020) state that multiple regression analysis is based and founded on several statistical assumptions that help make the results precise and valid. The outliers of the dependent as well as the independent variables are analyzed and these data are extreme values that could make the results distorted.

3.8.1 Normality

For testing the assumption ofnormality, a Probability-Probability (P-P) plot was made to compare the standardized residuals to a normal referenced distribution. Whether normality

was present was determined by checking whether the points in the plot were close to the diagonal reference line which meant that the residuals were normally distributed. By satisfying this assumption, Kim (2019) explains that the appropriateness of the multiple regression analysis is confirmed because the research residuals embodied Gaussian distribution, and the model did not exhibit curvi-linear trend.

3.8.2 Multicollinearity

The SPSS version 28 was used to plot the Variance Inflation Factor (VIF). The separate independent variables were fed individually into the model of regression and the respective VIF values obtained. The threshold was set at a VIF less than 10 that shows the lack of significant multicollinearity. This was done to make sure that the independent variables had no extreme interrelations and that the variables were independent of each other because each variable would contribute to the independent variable variance (Kim, 2019).

3.8.3 Homoscedasticity

A residual scatter plot using SPSS version 28 was established to test the homoscedasticity. In this plot it was shown that the standardized predicted values of the dependent variable were plotted on the x-axis whereas the standardized residuals were plotted on the y-axis. The scatter plot was studied to analyse the presence of uniform distribution of residuals among all the levels of the predicted values. The assumption of homoscedasticity had been satisfied as seen by the random and uniform dispersion of the residuals with no evident patterns and funnel shapes. By fulfilling this assumption, the assumption that variability of errors would stay the same was met, rendering possible to come up with reliable and non-biased estimates of the regression (Kim, 2019).

3.9. Ethical Considerations

purpose, objectives, procedures Ethical aspects of this study were observed with the view of protecting the participants of the research and by maintaining the integrity of data collection process. The study was conducted among Heads of Operations Departments and Strategy Managers at the Kenyan commercial banks and various ethical guidelines were adhered to in order to protect their rights and well beings.

The study was conducted on the basis of an informed consent and on a voluntary basis. Respondents were provided with sufficient information on the, and what may happen to the research results before data collection occurred. They had all freedom to either continue or stop at any point with no consequences as is the usual practice that guards ethics (Poff, 2020). The questionnaire was anonymous so as to create confidentiality. All the participants were anonymized, and the data was stored in safety to exclude the unauthorized access. This kind of confidentiality allowed sincere collaboration and eliminated a potential bias such as social desirability bias (Tabuena et al., 2021).

Ethical clearance was granted by the National Commission for Science, Technology and innovation (NACOSTI) and department of postgraduate studies at the catholic university of eastern Africa (CUEA). The Central Bank of Kenya and the individual commercial banks were also sought to be included as administrative approvals to access participants in their professional capacities.

Psychological, emotional, and professional harm was not present in the given study design. The survey instrument was designed in a way that it is respectful, culturally appealing, and fit professionally where it was used. This was in order to collect valid data in a way that does not make the participants uncomfortable or distressed.

Moreover, the research was highly integrated in integrity, objectivity and accountability. The results sought to add value to the comprehension of change management practices and their

effect on the performance of an organization within the commercial banking industry in Kenya. In the study, the authors valued the fact that participants had different professional experiences and used ethical research practices in executing the study (Twine, Hundt, & Kahn, 2019).

CHAPTER FOUR

PRESENTATION, DISCUSSION AND INTERPRETATION OF FINDINGS

This chapter displays, discusses and interprets the result gathered within the field with the help of descriptive and inferential statistical analysis. The analysis targets the four main strategies of change management that were explored to acquire the information in the study environmental assessment, employee engagement, learning culture, and monitoring and control and its effect on the performance of commercial banks in Kenya, which consists of the dependent variable. To ascertain the views of the respondents, descriptive statistics such as means, standard deviations, frequencies and percentages were calculated to aid in summarizing the views of the respondents, as well as identifying noticeable trends. Following that, inferential statistics were also used to assess the character and validity of relations between the independent variables and the dependent variable, providing an idea of the forecasting influence of each change management strategy in performance of the bank.

4.1 Response Rate

According to Teresia (2021), a response rate of 70 percent or more can be acceptable in the research based on survey because it increases statistics power, generalisability, and credibility. The study had a perfect response rate of 100 percent, and this indicates good participation of the participants and proper follow up by the researcher.

Table 4.1 Response rate

Participants	Instrument	Issued (F)	% Issued	Returned (F)	% Returned
Heads of Operations	Questionnaires	38	100%	38	100%
Strategy Managers	Questionnaires	38	100%	38	100%
Total		76	100%	76	100%

4.2 Demographic Information of Participants

The demographic details about the Participants which were requested by the study included the following: the name of the bank, job title, and the length of working with the bank. The findings are those shown below.

4.2.1 Distribution of Respondents by Bank

The pattern of respondents on a bank basis depicts an efficient and smooth data collection process. The research was conducted in a way that obtained full institutional coverage by targeting two respondents per institution namely Heads of Operation Departments and Strategy managers in each of the 38 licensed commercial banks, in Kenya. That the whole number of targeted respondents (76) responded to the questionnaire means that there is no sampling effect in the study and thus the study has more credibility at the institutional level.

This full representation guarantees that the results will portray the multiple reality of different levels or structures within the Kenyan banking industry. Therefore, findings based on the research will better reflect the industry-wide tendencies, issues, and practices of dealing with change management strategies. It also implies that the inferences made would be firmly used in generalizing the results to the total population of commercial banks in Kenya, thus providing decision-makers and the bank managers with an unshakable decision-making platform.

Table 4.3: Participants Job Title

Job Title	Frequency	Percent
Head of Operations	38	50.0
Strategy Manager	38	50.0
Total	**76**	**100.0**

The study included two key categories of respondents: Heads of Operations and Strategy Managers, each comprising 50% of the total sample (n = 38 per group). This equal

distribution was intentional, aimed at capturing a balanced perspective from both the operational and strategic levels of commercial banks in Kenya. These roles were purposively selected due to their direct involvement in the formulation, execution, and oversight of change management strategies. Heads of Operations are typically responsible for translating strategic initiatives into day-to-day operations, while Strategy Managers focus on long-term planning and aligning change efforts with broader institutional goals. Including both roles offers a more holistic view of how change is managed within banks. According to Burnes and By (2023), successful change management depends on aligning strategic intent with operational execution across organizational levels. Likewise, Cameron and Green (2020) emphasize that engaging diverse leadership perspectives enhances the effectiveness and sustainability of change initiatives, particularly in dynamic sectors such as banking.

4.2.3 Years of Service in the Bank

Understanding the respondents' length of service within their respective banks was essential in assessing the depth of their institutional knowledge and their potential exposure to change management practices over time. The duration of service plays a critical role in shaping how individuals perceive and respond to organizational transformation initiatives. As illustrated in table 4.4 below.

Table 4.4: ***Job Title by Years of Service in the Bank (N = 76)***

Job Title	1–2 Years	3–5 Years	6–10 Years	Above 10 Years	Total (%)
Head of Operations	7.9%	31.6%	55.3%	5.3%	100%
Strategy Manager	7.9%	42.1%	50.0%	0.0%	100%
Total	7.9%	36.8%	52.6%	2.6%	100%

Note. Values in parentheses represent row percentages.

The discussion on the years of service in the study provided useful information on the organization knowledge levels and their possible impact on change management practice in

their settings. Over half (52.6 %) of respondents had worked between six and ten years in their respective institutions, which revealed a rather stable workforce that may have been involved in or experienced some of the important strategic changes in those institutions. Strategy Managers were not represented ten years later; 42.1 % of them had between three and five years, and half between six and ten years. On the contrary, more than ten years, less than five years, and three to five years of service were reported by 5.3 %, 55.3orgreatest and 31.6lane quarter of Heads of Operations respectively.

Despite the fact that there are no actual studies of Kenyan research looking into experience as defined by role, there is qualitative empirical research that forms the basis of the importance of experience in banking performance and change management. Research on employee retention conducted in Kenya also postulates the role of older teams that have a rich institutional memory and can assist an organization in continuity at some point during transitions (Nzyimi, Gachuru & Siele, 2024). The thesis that at least three to five years of experience in institutional background would lead to deeper insight and situational insight of a changing program, concurs with related material in the human resource literature.

4.3 Descriptive Statistics

The research attempted to determine the impact of environmental assessment on the performance of Kenya commercial banks. The main symbols to be applied in the analysis were as follows- Std = Standard Deviation, M = Mean, and % = Percentage. The results are as shown in Table 4.5 and visibly demonstrate the perceptions of the respondents towards the role of environmental assessment in improving performance of commercial banks in Kenya.

Table 4.5 Percentage, mean, and standard deviation table showing the findings of environmental assessment and performance

Statement	Mean	Std. Deviation
SWOT results integrated into strategic planning	4.84	0.37
Specific, measurable goals based on environmental assessments	4.29	0.46
Goal setting responds to SWOT	4.71	0.46
Strategic goals align with environmental assessments	4.34	0.48
Assessments influence strategy and performance	4.66	0.53
Bank rarely reviews environment before major decisions	1.84	1.29
Scanning identifies profitable opportunities	4.45	0.56
Failure to assess customer needs has led to dissatisfaction	1.11	0.65
Market trend evaluation has contributed to market share growth	3.76	1.28
Ignoring regulatory/economic signals has affected ROI	1.29	0.93

Key: SD (1) = Strongly Disagree D (2) Disagree N (3) = Neutral A (4) = Agree SA (5) =Strongly Agree

The Table 4.5 findings are strong indications of the institutionalisation of environment assessment practices in Kenyan commercial banking system. The means were large across all positively framed items and this shows that environmental scanning and the incorporation of assessment data in the strategy processes have now become a part of decision-making and systematic. This is in proper line with the escalating focus on evidence-based strategic management in banking sectors especially within the tasking and highly-regulated environment categories.

The rate of group mean “SWOT results integrated into strategic planning” (M = 4.84, SD = 0.37) is the highest grade and indicates a high priority in the use of situational analyses as a basis of strategic direction. This agreement between the Strategy Managers and the Heads of Operation confirms that importance is attached to aligning operations with a clear sight on the

positioning of an institution. Similarly, the fact that item goal setting responds to SWOT, (M = 4.71, SD = 0.46), demonstrates that environmental intelligence is not only collected, but is proactively utilised in establishment of organisational goals.

The value of M = 4.66 with S = 0.53 on the measure of the impact that assessments have on the strategy and performance indicates the application of environmental insights in a tangible application manner to influence the institutional results. The current observation is in line with the outcomes of Mayaka, Bogonko, and Githinji (2020) who revealed that environmental scanning has strong positive implications on the competitive advantage and financial performance levels of Kenyan commercial banks (beta = 0.939; p <.001). All of these findings are indicative of a purposeful adjustment towards prospective and adaptive planning.

Even the result of 7. scanning identifies profitable opportunities (M = 4.45, SD = 0.56) serves as a re-iteration of the utility of environmental scanning in the identification of opportunities which is a central belief of strategic management. A similar result was achieved by Muneer (2025) as they established that environmental disclosures were related to an increase in stock performance among Saudi banks, indicating that the industry displayed a general tendency towards environmental information promotion to promote growth and volatility management.

The lists such as “specific, measurable goals on the basis of the environmental assessments (M = 4.29, SD = 0.46) that confirms the translation of strategic insights into measurable objectives, which indicates the performance-focused culture of banks. Such a practice is most especially when regulatory shifts, digital disruption, and rapidly changing market expectations characterize the environment.

On the contrary, the result of being low in the mean scores of the negatively framed items is an indication that there is a lot of disagreement that there is weak environmental scanning as implied in the statements. To give an example, the answer on the question whether Bank rarely reviewed the environment when making major decisions (M = 1.84, SD = 1.29) and whether failure to investigate the needs of customer has resulted in dissatisfaction (M = 1.11, SD = 0.65) further supports the outlook of an insightful, proactive thinking process of making strategic decisions. The finding is contrary to the results of Wahua and Ezeilo, (2021) who reported that environmental factors had a weaker influence on performance in the Nigerian mortgage banks which may indicate market structure or enforcement of regulations or maturity of institutions.

The fact that the item including the idea of ignoring the regulatory/economic signals has influenced ROI (M = 1.29, SD = 0.93) once more proves active monitoring and responsiveness to the signals. This is also touched on by Kwakye and Okai (2025), who discovered that Ghanaian banks were becoming better alerted to the dynamics in macroeconomics in undertaking strategic changes, signaling more general change in strategic sensitivity in the region.

The item with a moderate grading that has been used in the market share development is that of market trend evaluation, which is in fact that it has contributed to market share growth (M = 3.76, SD = 1.28), which shows that as much as the practice has been realized, it also notes that it has varied influence in the market share development. Strategy Managers (3.76) and Heads of Operations (4.42) may have different roles in market analysis and strategic implementation, and in that case, this is a possible difference.

There was quantitative data with shifted support in the form of qualitative responses. A Strategy Manager suggested SWOT reviews to be done quarterly to remain responsive in

strategy and a Head of Operations said that environmental impact assessments need to be included in credit and sustainability decisions also a demonstration of embedded environmental decisions across functions.

The findings of this study also confirm the relevance of the role of awareness of the environment to the FinTech and sustainability planning of Omani banks and highlight its global application (Al Balushi et al., 2025). Such views are consistent with the developing strategic need of environmental scanning in the changing demands within the financial industry.

Comprehensively, the findings indicate that there is an increasing rise in the level at which the Kenyan banks are dealing with environmental intelligence. The integration and responsiveness scores are at high levels, which means that strategic planning culture is mature, and its application of structured assessments to increase agility, competitiveness and to mitigate risk is evident. All of the above findings support the practical value of undertaking environmental scanning and offer an example to other emerging economies that want to improve the strategic orientation of its banking industry.

4.3.2 Employee Engagement and Performance of Commercial Banks in Kenya

The research was done to focus on how employee engagement can impact the performance of commercial banks in Kenya. The most important symbols as were applied in the analysis were Std = Standard Deviation, M = Mean, and % = Percentage. The results are given in Table 4.6 that shows the perception of the respondents in relying on employee engagement practices to determine the operational and financial performance of Kenya commercial banks.

Table 4.6 Percentage, mean, and standard deviation table showing the findings of employee engagement and performance

Statement	Mean	Std. Deviation
The bank's vision is clearly communicated to all employees.	4.56	.500
Employees understand how their roles contribute to achieving the bank's vision.	4.64	.483
The bank identifies and supports individuals who lead and inspire change within the organization.	4.32	.524
Employees are encouraged by internal champions who promote engagement during periods of change.	4.31	.569
Management considers employee feedback when making key decisions.	4.24	.541
Employee engagement initiatives have contributed to an increase in our bank's market share.	4.47	.502
levels of staff participation in decision-making have positively influenced customer satisfaction levels.	4.25	.548
Lack of employee recognition has limited improvement in return on investment.	1.72	1.008
bank's market share has remained stagnant due minimal employee involvement in strategic planning.	1.57	.498
Inadequate employee training has negatively affected client satisfaction outcomes.	1.67	.475

Key: SD (1) = Strongly Disagree D (2) Disagree N (3) = Neutral A (4) = Agree SA (5) =Strongly Agree

The other aim of this research was to determine the effects of employee engagement on the performance of commercial banks in Kenya. With the recent shift towards greater complexity in operations due to regulatory changes, digital disruption and changing customer demands employee engagement appears to be a game changer in terms of building organisational effectiveness, flexibility and long term sustainability.

Table 4.6 describes the level of engagement practices in the surveyed institutions among the practiced high level of the described practice, and thus, show a high level of its positive influence on the performance indicators in terms of the market share, customer satisfaction, and return on investment (ROI). The statistics indicate an experienced system in managing human capital whereby strategic communication, involvement in decision making, mentorship and recognition have been entrenched.

The item which recorded the highest mean was, employees know how their roles promote the realisation of bank vision (M = 4.64, SD = 0.483) and about 93 percent of the sample affirmed the congruence between personal roles and those of the organisation. This is an indication of a good spread strategic direction and efficient internal communications. On the same note, the fact reinforced by such item as the bank vision is adequately disseminated to all the employees (M = 4.56, SD = 0.500) supports the idea that strategies clarity is a critical engagement tool. Such aspects are echoed in the findings by Sulayon and Traje (2022), who also emphasized the necessity of communication as led by the participants of leadership to achieve engagement and personal responsibility.

Specifically, the statement that employee engagement initiatives have led to an increase in the market share of our bank (M = 4.47, SD = 0.502) can be regarded as an indicator of a high level of perceptions about the real performance outcomes that can be achieved as a result of employee-focused initiatives. Close behind these is the following statement, with the appraisal of 4.32 (SD = 0.524): the bank identifies and supports people who drive and inspires change within the organization and the following statement 4.31 (SD = 0.569): employees are encouraged through internal champions who facilitate change engagement. The given responses propose that about 85 percent of the personnel find the existence of internal advocates and change agents critical in maintaining morale and organisational adaptiveness in the era of change. The results further confirm the notion that recognition and career mobility are good antecedents of employee commitment, a fact that is previously established by Abeysuriya and Gamage (2022).

Additional support of inclusive governance practice can be viewed in the answers of the questions, namely, on whether the management takes into consideration the feedback of their employees in making important decisions (M = 4.24, SD = 0.541) and whether the involvement of the staff in decision-making has immensely contributed to the level of

customer satisfaction (M = 4.25, SD = 0.548). These results imply that the mechanisms of employee voice have been operationalised and, that the participatory management approaches are being viewed as having downstream impacts on customer facing performance measures. Such revelations are consistent with the finding of Oduro and Dzansi (2020) who documented that an effective feedback mechanism of employees was strongly related to institutional penal responsiveness and service delivery within financial institutions.

On the other hand, the means of the negatively framed items were significantly lower; as highlighted there is a general disagreement on the perceptions of disengagement. The poor score of 1.72 (SD = 1.008) was achieved by the factor: Lack of employee recognition has limited improvement in the return on investment; another factor that rated highly poor is the: The market share of the bank is stagnant due to lack of employee participation in the strategic planning; which scored M = 1.57 (SD = 0.498). Inadequate training of employees has impacted adversely on the results of client satisfaction and scored M = 1.67 (SD = 0.475). The low rates of agreement with these items imply that strategic human capital interventions have helped banks in substantially eliminating the traditional involvement breaches. Niraula and Kharel (2025) supports this trend as they claim that specific training and communication options are imperative to develop motivation, improved accountability, and high job satisfaction.

Quantitative findings derived through close-ended questions are complemented with qualitative answers in terms of the open-ended questions. Like, we ensure that the strategic goals trickle down to all individuals within the department and each individual is able to visualize how his/her job contributes to the expansion of the bank. The focus on goal alignment is portrayed by the deliberate connection between employee work and strategic objectives as in, it all starts with goal alignment that is in focus. The other respondent

emphasized that the institution has maintained the ownership of its members of staff through awards, mentorship and promotion opportunities, especially during change or restructuring.

These themes align with the results of Al Balushi et al. (2025) who underlined the importance of strategic inclusion of human capital responsiveness as part of planning in the FinTech and sustainable finance ecosystem, especially the banks that respond to external factors like climate risk and digital transformation. At the same time, Kwakye and Okai (2025) stressed the macroeconomic need to internalise agility within an organisation in order to be agile when reacting to external macroeconomic stimuli. Although the emphasis was placed at the macro level, the current results give an example of how the Kenyan banks have incorporated the same principles in their human resource systems.

Moreover, the degree of institutionalisation of employee engagement seems to have evolved to a more proactive and all-inclusive measure, in comparison with reactive or compliance-based measures. The conclusions offer empirical evidence to support the perception held that engagement of employees is more than a moral or regulatory requirement but a strategic capability that is associated with operational performance and competitiveness. The facts indicate that Kenyan commercial banks are utilizing human capital as a strategic tool in developing a competitive edge, which is a very close observation in views of the resource based theories of the firm that also consider skilled and motivated employees as sources of competitive advantage that cannot be imitated (Barney, 1991).

In general, the paper established that a strategic position of commercial banks in Kenya has a great impact on performance. Results revealed that the definite consistency of mission and vision, long-term perspective and strategic goals communicated have a healthy result in terms of the efficiency, profitability and customer satisfaction. The banks proved to be highly dedicated in establishing the direction of the future, innovation, and competitive advantage.

Generally, the findings indicate that development of a communicated strategic direction is important in shaping staff behavior and harmonizes the efforts of organization with the purpose of promoting improved performance. Such insights support the importance of commercial banks to give a high priority and reconsider regularly their strategic orientation to be dynamic and responsive to a dynamic financial situation.

Crafting a culture of 4.3.3 in Kenya Commercial Banks Performing and Learning

The research was formulated in a way that it sought to understand how the culture of learning had influenced the performance of commercial banks in Kenya. Symbols that were essential in the analysis were Std = Standard Deviation, M = Mean and % = Percentage. The results are summarized in Table 4.7 as the frequency, the percentage of the responses in terms of how learning culture affects innovation, adaptability and overall performance of commercial banks**.**

Table 4.7: Frequency and Percentage mean, and standard deviation on Learning Culture and Performance in Commercial Banks

Statement	Mean	Std Daviation
The bank invests consistently in employee training and development	4.79	4.78
Employees are encouraged to share knowledge and collaborate	4.76	4.72
Learning culture fosters innovation and improvement	4.53	4.50
Training aligned with organisational goals improves performance	4.47	4.45
The bank supports open communication and innovation	4.42	4.41
Continuous learning improves customer satisfaction	4.61	4.59
Learning culture drives return on investment	4.39	4.32
Limited learning reduces ability to expand market share	1.42	1.41
Limited knowledge-sharing lowers service quality and client satisfaction	1.66	1.64
Lack of structured training hinders financial performance	1.84	1.82

Key: SD (1) = Strongly Disagree, D (2) = Disagree, N (3) = Neutral, A (4) = Agree, SA (5) = Strongly Agree

The findings in Table 4.7 provide a sound empirical basis giving credence to the indispensable context of learning culture in promoting performance in commercial banks in Kenya. The homogeneous nature of the high mean scores across all positive indicators confirms the high levels of institutionalisation of the learning oriented practices within the sector. It is worth noting that the highest combined mean (M = 4.78, SD = 0.42) occurred in the item: the bank invests consistently with regard to training and development of its employees, and it means a point-to-point relation to the realization of the attempt to develop the capability of its labor force in a deliberate and timely manner. This finding is also in tandem with Human Capital Theory, which assumes that organisations investing in

knowledge and skills of their employees are in better position to be able to gain competitive advantage and live to perform.

It is also noteworthy that there is close agreement with statements that obliquely pertain to knowledge-sharing and collaboration (M = 4.72, SD = 0.44), because it indicates that the creation of collective learning environments, in which tacit knowledge is changed into institutional intelligence, exist. This is consistent with what was stated by Cegarra-Navarro et al. (2021), who argued that knowledge acquisition and institutional memory has a vital role to play in accelerating organisational responsiveness and innovation, especially in a complex and the dynamic fields like banking.

Further, there was a strong support on the statement that culture of learning brings innovation and improvement (M = 4.50, SD = 0.55), thus, indicating that respondents strongly embraced the insinuating power of learning on bringing in constant improvement and adaptive behaviour. Learning is also a strategic issue as there was high agreement with the item on training matching goals of the organisation and improving performance (M = 4.45, SD = 0.54). This means that the kind of learning interventions that occur in the Kenyan banks are not generic or incidental but appear to be well integrated with the corporate strategic visions and aspects a point that supports the findings of Niraula and Kharel (2025), who reported that training aligned to goals has a huge effect on enhancing employee engagement and productivity and eventual retention.

The potential of learning culture to affect the performance outputs that face outside the organization is also brought out by the high rating of the items, continuous learning enhances customer satisfaction (M = 4.59, SD = 0.49) and learning culture contributes to return on investment (M = 4.32, SD = 0.63). Such findings provide empirical support to Sulayon and Traje (2022), which noted that development activities not only lead to individual growth but

also organisational profitability, especially where integrated in systems pertaining to employee progression and detection.

Notably, the results of the study indicate low averaged values of negatively worded propositions that include: limited learning decreasing the capability of enlarging market share (M = 1.41, SD = 0.65), and limited knowledge-sharing compromising service quality and customer satisfaction (M = 1.64, SD = 0.59), which further propagates the high levels of and perceived success of learning processes. Another issue low in the item of lack of structured training (M = 1.82, SD = 0. 71) is also contradicted, which is agreeable in that financial performance is not evidenced in institutions sampled. Such findings indicate the maturity of learning structures and a strategic approach to their building their capability and resilience of institutions.

Further analysis supported the expressed opinion of the correlation of training and job as the mean was highly 4.64. This can be seen as great coordination of training topics with job functions employing high levels of transfer of training into practice. The other item of positive evaluation was the structured mentoring with M = 4.32, which can demonstrate the influence of the experience and colleague assisted growth on knowledge retention and professional development.

Moreover, the scores describing the effect of learning and development on staff commitment (M = 4.47) are high, which implies that employees do not think only about their training as a way to improve their skills but also about their benefits and appreciation within the organisational environment. It ties in with Social Exchange Theory that views that a positive organisational treatment, which includes investment in employee development, is repaid to the employees by them through heightened commitment and discretionary efforts. Such a theoretical framing is also confirmed by the study results of Abeysuriya and Gamage (2022),

in which the existence of a positive connection between the involvement of financial institutions and the recognition, learning opportunities, and development incentives was determined.

The open coded questions analyzed with quantitative analysis help to support the findings indicated above even more. More than 85 per cent of respondents agreed to the fact that their organisations provide structured, credible, and performance aligned training interventions. Towards learning reinforcement and continuous improvement, timely feedback was common, as well as the availability of structured systems of mentoring and encouragement of accountability. Over three-quarters responded that strategic objectives were shared and cascaded in training sessions, further evidence of the strong relationship between individual learning activities and organisational strategy as a whole. These trends agree with those found by Oduro and Dzansi (2020) who state the role of learning loops and feedback in promoting strategic alignment and performance resilience of African banks.

Additionally, over 80 percent of the respondents portrayed better morale and commitment associated with the provision of mentorship, performance-based development, and recognition given to employees. Such answers indicate that not only learning initiatives are directing technical competencies but also having psychological effects such as motivation, belonging and adaptability which are key faculties in employee retention and management of change in organisations.

The findings further report that learning is ingrained into the institutional processes and is considered as a strategic resource and not as merely peripheral or compliance-based initiative. The present observation resonates with the statements made by Cegarra-Navarro et al. (2021), who make the argument that when the culture of learning is proactive, firms can live and prosper under uncertainty and be able to seize the available opportunities. Utilization

of learning in job roles, leadership pipelines, and performance systems can be viewed as the forward-looking strategy in managing human resources in Kenyan banking sector.

Theoretically, the results indicate substantial concurrence with the Human Capital Theory, that is, making investment in learning results in greater productivity and organisational nimbleness. The additional support that Social Exchange Theory brings to these findings is the same lens of relationships where one would tend to focus on facts that employees become emotionally and behaviourally engaged in a firm basing on the extent to which the organisation appreciates their growth and development.

Nonetheless, the information collectively affirm that the Kenyan commercial banks have managed to develop a strong learning culture that is strategically aligned, functional and performance-based. These banks have integrated learning within the main lines of operation and made it a part of strategic objectives and this has made them poised to work successfully even with the increasingly high competition in the financial world. The results will add to the extensive literature that shows the involvement of learning culture as a determinant of internal efficiency as being a decisive source of external competitiveness, consumer satisfaction, and long-term viability.

4.3.4 Monitoring and Control and Performance of Commercial Banks in Kenya

The research was meant to establish how monitoring and control influence performance of the commercial banks in Kenya. The important symbols applied in the analysis were Std = Standard Deviation, M = Mean and % = Percentage. The above has been summarised in Table 4.8 which indicates a frequency, percentage, mean and a standard deviation of the responses on how monitoring and control mechanisms assist in improving operational efficiency, compliance, and overall performance in commercial banks.

Table 4.8 Frequency, percentage, mean, and standard deviation table showing the findings of monitoring and control and performance

Statement	M	SD
The bank has effective systems for tracking the progress of its strategic and operational goals.	4.87	0.34
Progress monitoring results are used to make timely adjustments that improve performance.	4.58	0.50
Regular audits and performance evaluations are conducted across different departments.	4.66	0.51
Audit and evaluation reports are used to identify gaps and enhance the bank's performance.	4.50	0.53
Employees are regularly monitored to ensure compliance with internal policies and regulations.	4.32	0.77
The bank's monitoring systems rarely support growth in market share.	1.78	1.08
Weak internal controls have led to reduced return on investment.	1.54	0.68
Audit and compliance gaps have negatively affected client satisfaction.	1.83	0.74
Regular performance tracking has helped improve our market share.	4.54	0.66
Effective monitoring tools have enhanced return on investment.	4.58	0.66

Note. M = Mean; SD = Standard Deviation.

Respondent were measured on a 5-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree).

The results of research indicated that there were high levels of institutionalization of the systems of monitoring and control across the surveyed commercial bank in Kenya. In all the indicators of measurement, there existed a high level of agreement on the effectiveness and performance enhancing practice of the internal control.

This statement showed the most positive mean score of M = 4.87 (SD = 0.34) (Table 4.8), which implies an almost unanimous answer with only slightly more than one-percentage-point differences to the survey question that the bank possesses effective systems on tracking the progress of its strategic and operational goals. Likewise, the use of monitoring information in order to undertake adjustments in time was a high score (M = 4.58, SD = 0.50), followed by holding regular audits and performance evaluation in departments (M = 4.66, SD = 0.51).

The respondents also had a moderately high consensus with the usefulness of audit and evaluation reports in uncovering performance gaps and assisting improvement initiatives (M = 4.50, SD = 0.53), with a slight variation across organizational units, but clearly lower when it comes to the regular monitoring of employee compliance (M = 4.32, SD = 0.77).

Monitoring and control-related performance outcome indicators were also very much affirmed. More specifically, performance monitoring linked to the development of market share had a M = 4.54 (SD = 0.66) while the application of monitoring tools to foster the process of return on investment was M = 4.58 (SD = 0.66).

Negative outcome items, on the contrary, were lowly rated, which means that the issues thereby were not widely recognized. The statement of the monitoring systems of the bank rarely facilitate growth in the market share, M = 1.78 (SD = 1.08), weak internal controls have resulted to diminishing returns on investments, M = 1.54 (SD = 0.68), and audit and compliance voids have hurt the satisfaction of the client, M = 1.83 (SD = 0.74). These low scores on the measures imply that the greatest number of the respondents discouraged that there was any problem with internal controls inflicting institutional results.

These quantitative results agree with another study by Harb et al. (2017), who stated that COSO internal control components such as monitoring and information systems have an impact on the quality of financial reporting in the Jordanian banking system. Higher mean figures in monitoring aspects, like audit trails, compliance tracking, and performance review systems in the studies provide are similar to the elements that Harb et al. (2025) noted and their persistence in ensuring accountability and performance enhancement.

The results also echo the research findings made by Oppong et al. (2023), who found out that the internal control systems (ICS), in combination with the corporate governance structures

bear a direct impact on the financial performance within the Ghanaian banking system. Whereas the governance was not a moderating variable in the current research, strong internal accountability mechanisms and strategic response ability in Kenyan banks are evident by the mean scores of full audit report utilization (M = 4.50) and performance evaluation reports (M = 4.66).

In the same way, in the Tanzanian situation, Bilegeya and Mrindoko (2023) discovered that statistically significant predictors of bank performance were internal control climate, communication, and monitoring. This is what they found out, and their results indicate that the control measures in Kenyan banks are indeed creating competitive advantages.

The results also align with those of Ngeta (2023) who stated that risk assessment and monitoring components represented up to 54 percent of variance in the financial performance in banks which were based in Machakos influenced by institutional size. In the given research, the consistency of the opinions regarding the effectiveness of monitoring practices and their connection with operational responsiveness proves theoretical validity of the Systems Theory and the Agency Theory that both emphasize the role of feedback loop and the course correction based on evident data in dynamic systems.

In general, the quantitative trends were supported by open-ended feedback. More than 90 percent of the respondents reported that formalized dashboard systems monitoring the weekly or monthly performance data had been implemented by their banks. Moreover, 87 percent attested that audit reports were regularly perused both at the departmental and executive levels to make changes on how customers are handled and the work flows. Over 80 percent of subjects concurred that performance evaluations have lost the punitive connotations and have been incorporated into a culture of accountability with an approach aimed at improvement.

These conclusions put to rest previous local situations brought against Muturi (2020) and Wanjala (2018), who reported negative controls structures and erratic audit practices within certain Kenyan banks. Given existing low mean scores on statements of weak controls (M = 1.54) and audit gaps detrimental to client satisfaction (M = 1.83), the current study indicates that significant increments have occurred and this is likely to be because of reforms in oversight regulations and IT oversight.

However, certain degree of variability was realized in some statements like employee monitoring (SD = 0.77), which implies to the fact that there might be inconsistency between departments or branches. This connotation substantiates the oversight suggested by Bilegeya and Mrindoko (2023) that the internal control schemes should be evaluated and renovated to remain homogeneous and ordinable.

On the whole, the results all point to a determining factor that internal monitoring and control practices have a tremendous effect on the level of performance of commercial banks in Kenya. These systems are not only the compliance technology, but are also a strategic instrument in enabling learning, responsiveness and financial performance in institutions. Consistency of these findings with those presented in previous studies in Jordan, Ghana, Tanzania, among other settings gives credence to the cross-national applicability of internal controls as tools towards the deployment of improvements in performance and long-run competitiveness in the banking sector.

4.4 Inferential Statistics

In this section, the inferential statistical analysis that looks into theorizing the relationship between the independent variables; environmental assessment, employee engagement, learning culture, monitoring and control, and dependent variable; performance of commercial

banks in Kenya will be presented. Each of the objectives will be describe under three broad sections, including the summary of the model, which will show the explanation power of the predictor, ANOVA results, which will test overall significance of the regression model and a regression coefficient, which will measure the relationship between the independent and dependent variables.

Also, checks were made regarding diagnostic tests to prove that the assumptions of the linear regression model were not broken, which included linearity, independence, normality, and homoscedasticity assumptions.

4.4 Diagnostic Testing and Regression Analysis

Validating the assumptions on which the multiple linear regression is based, they preliminarily underwent diagnosis. These were normality checks, independence checks, multicolinearity and homoscedasticity checks.

The regression results of each of the four specific objectives of the study are elaborated below in respective subsections.

4.4.1 Test of Normality

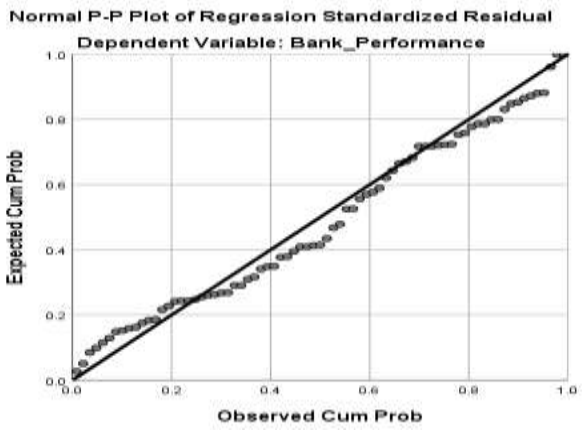


Figure 2: Normal P–P Plot of Regression Standardized Residuals

It can also be seen that, as it is presented in the Normal P-P Plot of regression standardized residuals the points are so close to the diagonal line which is a strong indication the evidence addresses the requirement of the residuals to be distributed normally with a high degree of success. The characteristics of this aligning of the residuals reveal that there is no extreme value, normal distribution or the residuals are more or less normally distributed. Thus, one may argue that the normality assumption required in performing a legitimate regression analysis has been met, hence there are good reasons to believe the soundness of the inferential implications of the model with respect to the output of commercial banks.

4.4.2 Test of Independence

Table 4:7 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.915	.837	.828	.11643

a. Predictors: (Constant), Monitoring control, Learning Culture, Employee Engagement, Environmental Assessment

b. Dependent Variable: Bank Performance

The results of the regression analysis have shown that there was appreciable correlation between the two preferred change management strategies Monitoring and Control, Learning Culture, Employee Engagement and Environmental Assessment on the one piece and the overall performance of commercial banks in Kenya on the other. With an R squared of 0.915, it means a significant positive relationship between the predictors and the dependent variable, bank performance, was quite high.

R Square has a value of 0.837 implying that combined effect independent variables explain variance in bank performance by approximately 83.7 percent. This implies that the model possesses high degree of explanatory power to acquire the outcome variable. Adjusted R Square was also found to be 0.828 and hence stable in terms of predictors also. Such minor adjustment has also shown great predictability and therefore the model is not expected to have been over fitted to data.

The 0.11643 standard error of the estimate was significantly low and as a result, the obtained estimates serve as a good approximation of the actual bank performance data. Overall, the model demonstrates good predictive validity, which is compatible with the perspective according to which monitoring and control, learning culture, employee engagement, and environmental assessment play an important role in defining the commercial banks performance.

4.4.3 Test of Homoscedasticity

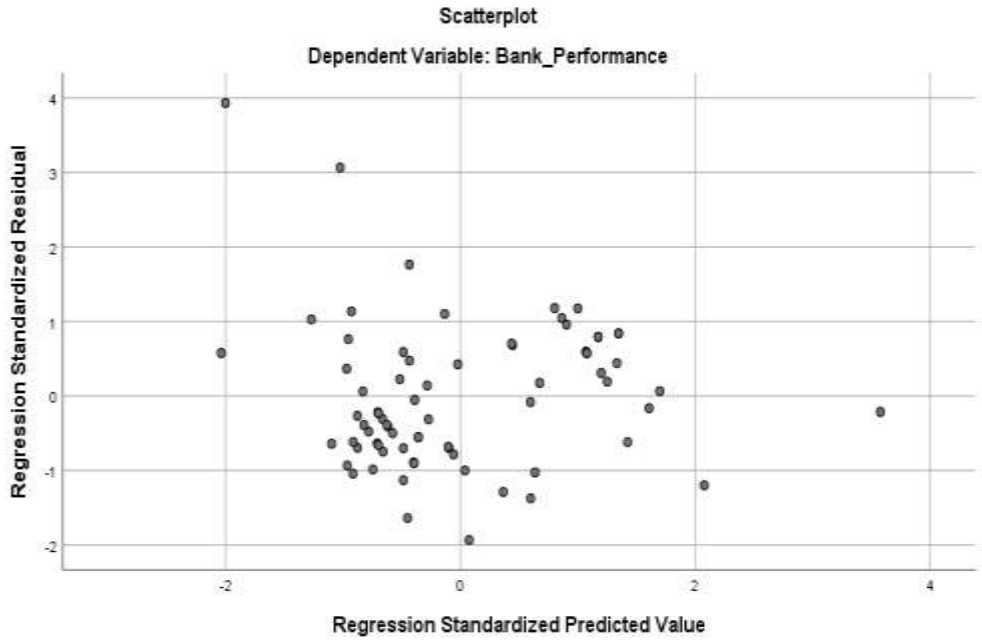


Figure 3: Scatterplot of Standardized Residuals

The hypothesis of the homoscedasticity was checked in order to show whether the variance of the residuals was equal all over the levels of the independent variables or not. An example of how the scatterplot of standardized residuals against the standardized predicted values (Figure 4.3) looked after a visual inspection, revealed that the residuals were distributed randomly and at an equal distance to the horizontal axis. It was clearly not in the form of funnel shapes, or clustering that could have indicated that there was heteroscedasticity involved.

This finding showed that homoscedasticity assumption had not been violated. The homogenous distribution of residuals meant that the estimates of the model were trustworthy and the variances of the error terms were identical with all the levels of the predictors. Consequently, the regression coefficients are very much efficient and unbiased, which further supports the strength and validity of the model employed to forecast performance of commercial banks in Kenya.

4.4.2. Test of Multicollinearity

To determine multicollinearity among the independent variables whose multicollinearity indicators are Environmental Assessment, Employee Engagement, Learning Culture and Monitoring and Control Tolerance and Variance Inflation Factor (VIF) were observed on the regression coefficients output.

Table 4:8Multicollinearity Statistics

(Constant)	**Tolerance**	**VIF**
Environmental Assessment	0.846	1.181
Employee Engagement	0.627	1.596

(Constant)	Tolerance	VIF
Learning Culture	0.732	1.367
Monitoring and Control	0.933	1.071

a. Dependent Variable: Bank Performance

***Note**. All Tolerance values > 0.10 and VIF < 10, indicating no multicollinearity concerns.*

The values of Tolerance were to be found between 0.627 to 0.933 and the values of VIF ranged between 1.071 to 1.596. Each of the values is quite far below the limits (Tolerance > 0.10 and VIF < 10), hence there is not a major problem of multicollinearity between the predictors in the regression model.

The results have validated, therefore, that the explanatory variables are mutually independent thereby, establishing a justification of including the predictors in the model and a validity of the regression results provided an approach to each objective that follows.

Scatter plot indicates that the regression model applied in the process of predicting the performance of banks is quite useful as evidence indicates it has a high level of predictability as well as that there is a slight variance in line with the expected values.

4.5 Correlation Analysis

A Pearson corrrelation was run to scrutinize the magnitude and direction of the linear relationships between bank performance and the four change management strategies: environmental assessment, employee engagement, learning culture and monitoring and control. The results are summarized in Table 4.9.

Table 4.9: Pearson Correlation Matrix

Correlation		Bank Performance
Environmental Assessment	Pearson Correlation	.162
	Sig. (2-tailed)	.163
	N	76
Employee Engagement	Pearson Correlation	-.060
	Sig. (2-tailed)	.612
	N	75
Learning Culture	Pearson Correlation	-.039
	Sig. (2-tailed)	.738
	N	75
Monitoring control	Pearson Correlation	.308**
	Sig. (2-tailed)	.007
	N	76

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

The findings indicated a positive, moderate, and statistically significant correlation amid monitoring and control and bank performance (r =.308, p =.007), which means that tightening monitoring and control systems are linked to superior performances in commercial banks. This observation comes to support the prior regressions, which also found monitoring and control to be the sole statistically significant predictor of performance; thus, the conclusion further emphasises further its importance as an essential element of strategic change management in the banking sector. The compatibility of results in correlation and regression analysis evidences that whenever banks have clear monitoring systems, frequent reviews, and prompt changes, they are likely to perform much better. The results align with those of Al-Haddad and Kotnour (2019) who identified that performance monitoring systems assist organizations to be more adaptable to change because it offers reputable feedback. On the same note, Odhiambo and Kungu (2021) mentioned that monitoring and evaluation also have a positive impact on the performance of financial institutions in the Kenyan context because they allow managing erroneous situations and align the actions pursued.

Environmental assessment on the other hand showed a positive correlation with bank performance that was not statistically significant (r =.162, p=.163). Somewhat, even though the relationship is weak, it is possible that positive direction indicates that there is a

possibility that banks undertaking an environmental scanning and strategic situational analysis may be able to enjoy better performance results. The lack of statistical significance, however, suggests that the effect might be contingent or situational, and, therefore, requires future exploration that would lead to the identification of the circumstances under which the environmental assessment can prove to be efficacious. These data correspond to those of Kamau and Ngugi (2020), who noted that environmental analysis positively affected how organizations adapted but was not always directly correlated with the increase in performance in the short term. Remarkably, there was an intermediate positive connection between the environmental assessment and employee engagement ($r = .385$, $p = .001$) and a lesser but still significant correlation between environmental assessment and learning culture ($r = .249$, $p = .031$). These findings concur with Mwangi and Waithaka (2020) who noted that strategic scanning does tend to improve internal culture and a proactive outlook of personnel, regardless of its immediate impact on performance being subdued.

Although employee engagement and learning culture have found relevance in their theoretical application in relation to organizational performance, the research found out that each of these variables has an observed negative, non-significant general relationship with performance ($r = -.060$, $p = .612$) in the company of the employee engagement and ($r = -.039$, $p = .738$) in the case of the learning culture. The findings provide indications that in the sampled commercial banks, there is a lack of relationship between the greater degree of perceived engagement and learning as well as enhanced performance. One reason could be the absence of continuity between involvement strategies and operations realisation or there are disparities between learning programs and performance objectives. It can also suggest that the practices, which are included in the policy, are not exercised completely or that the policies are not yet enshrined in the culture of the banks on a daily basis. Our results are in contrast with another study like that of Oduor et al. (2021) since it concluded that employee

engagement was a key driver of organizational commitment in Kenyan banking sector and employee productivity. The unfavourable links within this research could therefore signify faults in implementation or incongruence in the strategy and building. This relationship is further worsened by the positive correlation between the parameters of employee engagement and learning culture ($r = .511$, $p < .001$) which clearly shows that the institutions that support learning culture will also support employee engagement. Such a convergence might have related to backstage organizational values, including development orientation or participatory leadership structures, as was the case with Manik et al. (2022), who underlined that favorable learning conditions had a tendency to encourage staff engagement. However, these synergies do not necessarily translate into better performance unless properly linked with the results that it is possible to measure.

One more curious result appeared in the negative correlation between employee engagement and monitoring and control ($r = -.245$, $p = .034$), which was found to be statistically significant. Such a negative correlation can indicate that in the bank where strict monitoring and control systems are focused, they unintentionally suppress the levels of involvement among the employees, where the control process may be regarded as too strict and exclusive. These outcomes are similar to the observations made by Fisher, Frey, and Almarode (2020), who also indicated that the application of overly bureaucratic control systems might negatively impact the staff motivation and innovation unless it was counterbalanced with empowerment strategies. In the same way, Khuong, Do, and Hoang (2022) indicated the effectiveness of monitoring relies on the levels of integration with communication and staff involvement practices.

In short, monitoring and control is the most dominant, consistent variable in terms of association with bank performance in terms of strength and statistical significance as noted in

the correlation matrix. Although environmental assessment, employee engagement, and learning culture display interrelationships and theoretical significance, their links with, and intertwining in, the data are less comfortable and less compact than performance. These facts are relevant in pointing out the key role of effective monitors in strategic change management, and also the need to check the degree of matching between engagement and learning strategies with operational realities and performance in the Kenyan commercial banking sector. These findings support the perception that the organized change management activity especially the ones enhancing accountability through monitoring continues to play a crucial role in enhancing institutional performance with the less formal like engagement and learning attractions needing greater holistic infrastructures to achieve perceptible outcomes.

4.6 Regression Analysis

4.6.1 Model Summary

Table 2:10 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.373[a]	.139	.090	.26785

a. Predictors: (Constant), monitoring control, Environmental Assessment, Learning Culture, Employee Engagement

b. Dependent Variable: Bank Performance

The regression model results show that change management strategies, when considered collectively, have a modest effect on the performance of commercial banks in Kenya. The correlation coefficient (R = 0.373) indicates a moderate positive relationship between the independent variables environmental assessment, employee engagement, learning culture, and monitoring and control and bank performance. This suggests that improvements in change management practices are associated with improvements in performance, though the strength of the relationship is not very high.

The R Square value of 0.139 shows that about 13.9% of the variance in bank performance can be explained by the combined effect of the four change management strategies. This means that while the model provides some explanatory power, the majority (86.1%) of the variance is accounted for by other factors not included in this study.

The Adjusted R Square value of 0.090 refines this estimate by adjusting for the number of predictors in the model and the sample size. It indicates that, after accounting for possible sampling errors, the change management strategies explain about 9% of the variance in bank performance. This lower adjusted figure highlights that although these strategies are relevant, there are additional external and internal factors such as technological adoption, leadership practices, regulatory compliance, and market dynamics that also influence performance but were not part of this model (Fisher et al., 2020).

The standard error of the estimate (0.26785) reflects moderate variability around the predicted values of performance, implying that some of the changes in performance remain unexplained by the included variables. This aligns with prior findings suggesting that while practices such as employee engagement and learning culture are important, they must be integrated with broader organizational and environmental enablers to produce stronger outcomes (Manik et al., 2022; Mukhalalati et al., 2022).

4.6.2 ANOVA Results

Table 4:11 ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	.810	4	.202	2.821	.031[b]
	Residual	5.022	70	.072		
	Total	5.832	74			

a. Dependent Variable: Bank_Performance2

b. Predictors: (Constant), monitoring control, Environmental Assessment, Learning Culture, Employee Engagement

An Analysis of Variance (ANOVA) test was done to determine the fitted significance of the regression model as a whole. The findings, given in the ANOVA table, indicated that the model was significant at the statistical level, F (4, 70) = 2.821, p= .031. It means that the four predictors of the environment assessment, employee engagement, learning culture, and monitoring and control imply a significant proportion of the variance of the Kenyan commercial banks performance.

Regression sum of squares was 0.810, residual (error) sum of squares was 5.022 and the total sum of squares was 5.832. Its regression mean square was 0.202 as opposed to a mean square of residuals of 0.072. This F-ratio of 2.821 indicates that the regression model fits the data and explains a much larger proportion of the variance of bank performance, in other words than through chance alone.

Practically, the outputs of the ANOVA confirm the overall applicability of the model in the prediction of the performance of the banks based on the choice of change management strategies. Although the percentage of the explained variance is low, the statistical significance shows that the predictors viewed as a combined unit have valuable information concerning performance results.

4.6.3 Regression Coefficients

Table 4:12Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	.738	1.119		.660	.512		
	Environmental Assessment	.263	.149	.212	1.762	.082	.846	1.181
	Employee Engagement	-.047	.176	-.038	-.268	.789	.627	1.596
	Learning Culture	-.087	.213	-.053	-.408	.685	.732	1.367
	monitoring control	.335	.123	.313	2.729	.008	.933	1.071

a. Dependent Variable: Bank Performance

A multiple linear regression analysis was used with the dependent variable being bank performance and the rest as independent variables to screen out the individual contribution of each predictor towards the performance of the banks. According to the regression coefficients, monitoring and control proved to be the only statistically significant predictor of bank performance (B = 0.335, SE = 0.123, B = 0.313, t = 2.729, p = or 0.008). This implies that all other aspects being constant a single unit increase in monitoring and control practices will be accompanied by 0.335-unit increase in performance thus affirming a strong and positive effect. This finding concurs with that of Wabomba (2021), who underlined that systematic monitoring and controlling mechanisms played a crucial part in enhancing performance and strategic goals harmonization in Kenyan banks. Likewise, according to Kipkirui and Omagwa, internal control systems have had a significant positive effect on the financial performance in commercial banks due to the early warnings to take corrective actions (2020).

Even though environmental assessment was significant with unstandardized coefficient (B = 0.263), and beta weight (0.212), the result was not significant considering the conventional values of statistical significance (p = .082). This implies that its impact on performance is on a prospective basis and therefore further exploration should be conducted to elucidate this in the future. To some extent, this research is consistent with Mugweru (2015), who concluded that although environmental scanning helped positively in strategy implementation, its influence on performance differed as per the actions taken on the insights. It also finds similarity with Obiwuru and Okwu (2020), who made a conclusion that the assessments conducted about external environment are more effective in collaboration with proactive decision-making frameworks.

Negative and not significant relationship was found between performance and employee engagement (B = -0.047, p = .789) as well as learning culture (B = -0.087, p = .685). Such outcomes might show implementation issues or failures of engagement initiatives to correspond to the real performance results in the sampled banks. This is contrary to other research findings, including Hassan and Ahmed (2019) that have reported that there is a high positive relationship between employee engagement and productivity hence the effectiveness of the two concepts could be affected by factors within the organization like leadership, internal communication, or reward system. In the same way, although Ochieng and Kinyua (2022) found that strong learning culture creates flexibility and innovation in banks, the results of the work at hand indicate that these cultures do not necessarily turn into performance without leveraging objective results and feedback measures.

There was zero evidence of multicollinearity as indicated by the collinearity statistics. None of the Variance Inflation Factor (VIF) were greater or equal to critical value of 10 and the maximum value being 1.596 (employee engagement), which implies that the predictor variables were sufficiently independent of each other. All in all, the results of the study create

some doubts about the diversity and implementation of engagement and learning strategies in the banking environment and reminds the importance of systematic monitoring and control present in strengthening organizational performance.

The resulting regression equation is:

$$\text{Bank Performance} = 0.738 + 0.263X1 - 0.047X2 - 0.087X3 + 0.335X4 + \epsilon$$

Where:

X1 = Environmental Assessment

X2 = Employee Engagement

X3 = Learning Culture

X4 = Monitoring and Control

ϵ = Error term

0.738 is the constant (intercept)

The coefficients represent the influence of each variable on bank performance.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

In this chapter, synthesis of the whole research is presented through a summary of the most important findings of the research, conclusion on the basis of the objectives of the research, and presentation of practical and policy-relevant recommendations. It also indicates the contributions that the study has been able to make to knowledge and gives recommendations on the future research. This will be the purpose of interpreting the findings in contexts that are more theoretical and practical with the aim of understanding the role that change management strategies have in determining the commercial performances of banks in Kenya.

5.1.1 Environmental Assessment and Performance of Commercial Banks in Kenya

This study aimed at examining how environmental scanning has affected the work of commercial banks in Kenya. Environmental scanning refers to that process of information collection, analysis, and dispensing in a tactical and/ or strategy standpoint as a supplement to decision making. It is quite a significant strategy management tool in the banking business that contributes to predicting the alterations in the market and aligning its operations with changing realities.

This study shows that strategic managers and Head of operation staff of most of the respondents identified the use and existence of environmental scanning within their organizations. It was widely agreed that banks continuously monitor some macro and microeconomic indicators, adjust internal regulations taking into consideration the regulations and provide service packages to the increased needs of a market. This would mean an active approach to environmental change as opposed to a reactive approach, the latter of which has been associated with improved performance and resilience of the institution.

But the study also showed that there are discrepancies in the extent to which these risk assessments are becoming strategic action. The largest consensus in viewpoints coincided on the role of the institutions encompassing most respondents agreeing or strongly agreeing that the institutions conduct environmental assessments but on whether they systematically adopt the knowledge gained during such undertaking on planning and making decisions, a large number of the respondents were unsure. This creates the idea of disconnect between information gathering and its utilization in the strategic decision-making process and, therefore, the level of attainment of enhanced performance brought about by such evaluations.

However, the empirical results indicate that environmental assessment and bank performance have had a positive relationship particularly in the aspect of customer satisfaction, the state of its operations and in complying with the regulations. This is in line with previous literatures, such as Grant (2019), who emphasises the fact that environmental analysis has special bearing on the competitive advantage and Mwangi & Kimani (2021) who connect pro-active scanning with strategic adaptability among Kenyan financial institutions.

Based on the study findings, it is concluded that, despite the implementation of environmental assessment processes in the financial firms in Kenya, the degree at which such firms utilize the information in a strategic way remains to be unsatisfactory. Improved connectivity between planning, assessement and execution would give banks significant competitive edge in timeliness, competitiveness and long-term survival.

5.1.2 Employee Engagement and Performance of Commercial Banks in Kenya

This segment of the research was aimed at comprehending how employment engagement practice influences performance of the Kenya commercial banks. However, employee engagement in this chapter refers to the extent to which the employee contributes of him or self to the job and is depicted by what is expected of the role, whether the employee

participates in the decision-making exercise, whether contributions are acknowledged, whether connections are made in terms of believing and buying the vision and values or how the employee adapts to change. The dimensions bring in feel as well as do of engagement which is hypothesized to represent an enhanced organizational effectiveness with regard to customer-level satisfaction, competitiveness in the market and financial results.

The findings indicate that staff and the management of the sampled commercial banks are in strong agreement as to the recognition of the engagement practices of employees. Remarkable was the fact that majority believed that their employers provided high role clarity and foster effective internal dialogue: two attributes that are fundamental towards employee concentration and productivity. This is supported by other past studies done by Saks (2022) and Albrecht et al. (2021) Consider that clear defined roles and effective communication channels are imperative in insuring that individual employees will be able to synchronize their efforts with the organizational performance results.

Second, further observation was that there was some degree of moderate level acceptance of participation of employees in the decision making. Many of them said that their institutions allow participative methods, especially change or strategic review. However, a considerable percentage of the participants were indifferent or tended to contradict, which also casts doubt on the visibility of participative structures and/or its consistency. This means that even when the engagement schemes may be present on the ground, their execution may vary according to the departments or branches. According to Mone and London (2018), when employees are included in decision-making processes, they will be less dependent and will be more responsible in the outcomes and are more likely to record greater performance outcomes.

The results were varied as far as recognition and motivation were concerned. Whereas some respondents concurred with the proposal that their institutions recognise the efforts of personnel and offer non-monetary incentives, still, others have stated that there is minimal

recognition or recognition is not frequent enough. This finding is aligned with the research by Kular et al. (2021) to understand recognition as one of the foundations of sustainable engagement and developing a robust predictive relationship with job satisfaction and retention. Conversely, without any appreciation in its regular series, there is a loss of morale and motivation of employees.

The participants were also asked to mention how closely they are oriented towards the organizational goals and how willing they are towards change initiatives. Overall, the respondents demonstrated great approval of the vision and strategic position of their banks, yet some people mentioned the issues connected with the organizational change exhaustion or bonds in the transition process. This aligns with the thought that when effective change management is engaged in by employees, there is bound to be the institutionalization of a culture of improvement (as addressed in Robinson et al. (2023) and Schaufeli (2020).

5.1.3 Learning Culture and Performance of Commercial Banks in Kenya

In this section, organizational learning culture effect on the Kenyan performance of commercial banks was examined. Cultural learning in this case will mean the practice and norms of an institution that facilitates learning as a continuous process, knowledge transfer, reflection and adapting to change. It covers training and mentoring, the encouragement of innovation and the overall readiness to new ideas and feedback of the institution. It is posited that strong learning culture enhances the ability of the employees and innovation and leads to organizational performance.

The findings refer that most of the respondents reported the level to which their banks encouraged life-long education and skills in the middle of the scale. The majority of them claimed to spend on training, improvement programmers and in-service training programmers as well as staff motivation programmers in their institutions. These are in agreement with previous studies by Garvin et al. (2021) and Marsick and Watkins (2022).

These authors argue that a favorable learning culture assists employees in professional growth as well as enabling them to make a better contribution to organizational objectives. This on its part leads to productivity, innovation and service quality the most important aspects of competitive performance in the banking environment.

There exists variation of acceptability and contradictory perception in terms of amount and needs accompanying training. The employees stated that some of them could follow the short learning interventions regularly, whereas the others do not appear to have this regularity and the connection to their daily functions. This means that even though learning structures are provided, it is possible that they are ill-implemented or loosely linked to the job considerations. According to Senge (2020), learning organizations do not only educate but also encourage critical thinking and knowledge usage at work two factors that apparently differed between the sampled banks.

Moreover, the study found out that share of knowledge methods was evident in some of the banks whereby they promoted the team to collaborate and learn with each other. Some respondents however, felt that departmentalised arrangements at the soloed level of competence and competitor pressures may inhibit any best practice sharing across functions. It also aligns with the school of thought of Watkins and Dirani saying (2022) which advocates an approach to learning as being integrated, beyond formal learning, and encompassing social learning, mentor ship, leadership support.

Another input given by respondents relates to the availability of managerial support to the culture of learning. In cases where employees believed that senior leaders in their organization were engaged in learning endeavors, they had better attitudes towards changes, adaptability and innovativeness. On the other hand, the situation is the reverse wherein the learning was not perceived as attuned with the leadership and the members of staff showed no more zeal or generative work. This conclusion aligns with the results in Baporikar (2023)

that highlights the role that leadership plays to foster learning mindsets and get rid of institutional barriers to development..

5.1.4 Monitoring and Control and Performance of Commercial Banks in Kenya

In this section the impact of Monitoring and Control will be examined on the performance of Commercial Banks in Kenya. Monitoring and control concerns the formal process through which banks review their progress in meeting predetermined objectives and key performance indicators and the process of monitoring strategic initiatives and the adherence of the various internal and external policies and regulations. There should be good control systems so as to identify risk, hold individuals accountable, generate sustainable improvement in service deliver and financial performance.

The study finding reveals that monitoring mechanism and the control mechanism are extensively used in the banking industry and the effectiveness varies across one bank to another bank. It is interesting to note that about half of all the respondents stated that their banks carry out internal audits, follow-up control inspections, and they guarantee following policy regulations. The findings align with the above argument of Okibo and Ndwiga (2022) that effective financial control and operational propriety are the results of routine internal audit and control systems.

In addition, the results indicate that there is positive relation between sound monitoring systems and better performance in institutions. The respondents have linked the provision of routine reporting, performance appraisals and risk management measures to greater efficacy and a more responsive approach toward emerging challenges. As discussed by Aosa et al. (2023), monitoring mechanisms aid an institution to maintain a strategy focus, decrease wastage and be more adaptable in reacting to changes in regulation and market conditions all of which are critical elements in effective competition survival in the banking industry.

Although positive, a number of respondents indicated an unbalanced application of control systems. Some of the responders expressed the perception that there existed shortcomings on lack of follow up to audit recommendations, enforcement to the violation of policy, or the presence of transparency of some forms of monitoring. Such gaps may hinder accountability procedures and block institutional responses to performance gaps. This follows the discovery of Mwangi and Njuguna (2020) whose research points out that poor control systems can give rise to a culture of mediocrity and the credibility of performance appraisals.

It also highlights the value of leadership in effective surveillance in the results. In the institutions where our top management were directly checking and promoting the adherence, our strategic goals are being achieved at quicker rates. On the contrary, under the conditions of leadership which was viewed as reactive and did not associate with control activities, even the functionality of the monitoring systems was spoilt. These findings are in line with what was discussed by Simons (2021) and Kaplan (2022) who noted that the use of control systems is most effective as an element of daily practice and it is applied by leaders at all levels.

Besides, the study also established that real-time monitoring and digitizing systems are the driving forces in traditional controlling arrangements. Some Banks have introduced automated live dashboard and data-analytics to track KPIs to improve on accuracy and informed decision making. However, equipment such as this was not always present, especially at smaller plants. This could be a key move towards reducing the performance gaps and enhancing monitoring across the industries.

5.2 Conclusions

5.1.2 Environmental Assessment and Performance of Commercial Banks in Kenya

The research findings led to the conclusion that environmental appraisal is an important aspect in strategic development and performance of Kenya commercial banks. Banks which

closely observe the events that occur within and without their organization are in a better position to forecast changes, respond to the market and make sound decisions. Nevertheless, a number of schools are inclined to evaluate environmental of the competition, regulatory and customer needs.

Nevertheless, the findings also show that there are variations in the application of conclusions of these appraisals. The process of strategic review is very common yet not every bank is excellent at converting it to useful strategies and ideas which are diffused throughout the business. This limits a full utilization of the potential of an environmental scanning with regard to its effects on performance.

And as the results of evaluations are reported effectively and incorporated into establishment of goals and operations planning, more congruity and responsiveness occurs among the institution. Organizational flexibility and commitment are lower in the case of the banks where such alignment is not high.

In conclusion, it can be stated that the research validates the fact that environmental assessment is one of the primary pillars of improvement. In order to reach this objective banks aimed at commercial considerations are to increase the connection between measurement and response by communicating better; crossing barriers of strategy follow through; and developing environments by making environmental responsiveness a part of the corporate culture of the bank.

5.2.2. Employee Engagement and Performance of Commercial Banks in Kenya

It is recommended that commercial banks emphasize employee involvement because it has been identified as a strategic measure of enhancing institutional performance. This means creating and sustaining a work culture in which staff is openly communicated with, honoured, and all are included in decision-making which is now part of organizational culture. All levels

of managers should be supplied and made to work on trust building, role clarity and sense of purpose among the teams.

To increase uniformity with regard to the engagement practices, banks are advised to harmonize the engagement frameworks and make the personnel in different departments comprehend and implement the frameworks similarly. This encompasses the provisions of avenues of meaningful contribution, visibility of the expectations that employees should contribute and rewarding them through formal rewarding systems coupled with informal rewarding opportunities.

Banks also have to consider employee engagement as an event drive innovation, customer satisfaction, and resilience of the institution. Encouraging engagement must not just focus on motivating people; it must facilitate the responsiveness to the change in the market and maintain growth. The key to employees unlocking their full potential is to form feedback loops, invest in professional development, as well as engage employees in change efforts.

Integrating engagement in the strategic context of the bank as opposed to viewing it as an auxiliary role allows the institutions to utilize the human capital as a means to achieve long-term competitiveness coupled with excellence operations.

5.2.3. Learning Culture and Performance of Commercial Banks in Kenya

Accordingly, the study concludes that a good learning culture should be encouraged in order to enhance performance of commercial banks in Kenya. Learning organizations with a culture of interactions and exchanges, and their underlying abilities to respond to market, regulatory and technological changes are more dynamic in understanding the market change.

Findings show that learning culture in such banks leads to high competence in employees, speed with which the problems are dealt with and more interactive performance in offering

the services, all contributing to innovation. Learning of this nature is favorable in building organizational resilience, customer satisfaction and sustainable competitiveness.

Nevertheless, the analysis shows that it is not evenly distributed in terms of using learning practices in banks. Some have built-in structured training and mentorship (such as by post-return) and performance review (':feedback) but some are taking a long time to institutionalize reflective practices and knowledge transfer mechanisms. This contradiction debilitates the capacity of banking industry to make a relevant shift in the modern rapidly developing world of finances.

Lastly, a learning culture opens a path toward not only an individual improvement but an institutional performance as well. It is an imperative to Sustainable Success in Banking to Strategically Invest in continuous professional development, Better Collaborative Learning and Feedback Integration with Operational Systems.

5.2.4. Monitoring and Control and Performance of Commercial Banks in Kenya

The analysis reveals that, effective checking and keeping is an important contribution towards the sustainability of the performance of the commercial banks in Kenya. Banks with robust internal control, frequent followed up, and performance feedback interventions also tend to possess greater proportion of accountability, risk minimization, and strategic orientation.

The research indicates that institutions which use programmed monitoring systems are more compliant and financially disciplined and respond better to market conditions. Such solutions provide real time transparency and insight to ineffectiveness in operations, actionable decisions and safeguard institutional integrity.

The research reveals inconsistency and incompleteness of the practice of controls across the industry as well. Other banks lack the capacity to detect things before they become problems

or correct through lack of follow up on audit findings or monitoring being integrated into the everyday business activities.

In short, the controlling and the monitoring signifies the actual business operation in an organization but an extremely important work in the management particularly in a sensitive industry like the bank. Effectiveness and resilience of institutions can be counted up by one step with robust monitoring, transparent manner and accountable leadership culture.

5.3 Recommendations from The Study

5.3.1. Environmental Assessment and Performance of Commercial Banks in Kenya

Commercial banks must instil the habit of undertaking a periodic strategic environmental scanning with the aim of revealing internal competences and external threats and opportunities to improve the influence of the environmental scanning on the performance of the bank. Making sure that such appraisals are included in this strategic planning cycle of the bank will also assist the bank in making timely and information based decisions.

As well, banks may implement cross-functional teams to conduct and evaluate environmental scanning, which would foster shared understanding along the lines of business. Managers and personnel should be primed on how to transform SWOT and PESTEL analysis into practicable plans that suit the goals of the banks.

Re-view and feedback on the results of the environmental assessments should also be done on a regular basis in relation to determine effectiveness of the responses. Formalizing environmental understanding into target setting and performance goal will increase adaptive capacity and competing.

Banks that pay even more attention to the environmental lens in terms of strategic leadership and daily decision making are most likely to be able to respond to a variety of regulatory, economic and technological forces that signify the financial industry critical changes.

5.3.2. Employee Engagement and Performance of Commercial Banks in Kenya

To enhance the impact of employee engagement on commercial banks performance, the commercial banks must embrace transparency and inclusive communication that spells out role expectation and contribution of respective staff members at every level. There should be corporate responsibility in ensuring that employees are consulted in as far as, making decisions affecting them concerning how to work and where to work as well as the way to relate with the clients.

Banks should come up with recognition and reward schemes in an effort to appreciate efforts made by employees to boost morale and motivation. The track of progress in terms of performance review and the overall feedback loop should not merely be performed to track the progress. These must be there to facilitate and participate.

There must be special prepared sets of training and growth which can enhance the efficacy, self-confidence, and organizational devotion in a service worker. These kinds of programs must be vocation-oriented and immediately related to career-propelling results.

Lastly, the elements of openness and trust, and a common purpose may exert a significant influence on the organization commitment and receptiveness to change. It also requires a pledge by (top) management to continuously tell employees that it is on their well being and empowerment that they focus as a strategic factor to an organization having its required disparities when there is no such justification that it is going to succeed".

5.3.3. Learning Culture and Performance of Commercial Banks in Kenya

To make learning culture influence the performance of banks more, commercial banks should integrate continuous learning in their strategic companies such as adaptation of professional development etc. These are availability of Bank Skills training, cross functional learning courses and sponsorship of formal training in the bank.

The management ought to support the generation of knowledge sharing practices such as peer learning sessions, mentoring programs and communities of practice. These platforms are able

to eliminate barriers which seclude individual departments and develop the cross-departmental innovation.

Structured learning management capable of tracking the needs, the performance and the product of learning, and the system capable of positioning learning to both individual and corporate plans should be introduced. Moreover, the relevancy and effectiveness of the learning goals should be evaluated with time intervals.

On the same note, banks should be encouraged to build an atmosphere that supports the aspect of safety, where experimentation occurs and failure is analyzed and learned. The leaders must act as role models in adopting a learning attitude, facilitate critical thinking, and reward the staff who apply new learning to improve its service or operations.

The appreciation of strong learning culture in banks will enhance agility, innovation and sustainable performance in a competing financial market.

5.3.4. Monitoring and Control and Performance of Commercial Banks in Kenya

To enhance monitoring and control in enhancing the performance of any given bank including the commercial banks e.g., the banks should establish effective internal audit and compliance programs that are both preventive and corrective. It includes routine scans, risk assessment, and a dynamic monitoring of the systems to catch bad activity and prevent any violation of general rules.

The management requires more responsible activities because they should install underpinned performance structures and reporting procedures in all the sections/departments. These must be regularly reviewed and updated as per the change of strategy, risk environment and market changes.

Banks should invest in modern technologies and analytics to facilitate a successful approach to data-driven decision-making, keeping watch of operational and financial indicators at all

times. The basic benefit of automating the reporting process is that more precise reporting is likely, the lag between identifying variance and correcting variance is reduced and remediation occurs at a faster rate when tolerances are violated.

In addition, the leadership should nurture the culture of responsibility among the employees by linking the individual jobs with some form of controlling functions and their performance outcomes. To reinforce this culture, regular training programs in risk management, compliance and ethical behaviour should be held.

Lastly, institutionalize the connecting loop between the monitoring teams and the operational departments, so that the results of the control process can result in effective action to improve. Monitoring and control systems in commercial banks are ways of regaining the institutional integrity and continued success in business activity.

5.4 Suggestions for Further Studies

According to the findings of the above research study on Change Management Strategies and Performance of Commercial Banks in Kenya, the current research paper will make recommendations regarding research on certain areas which requires investigation further to determine the extent of knowledge of change management practices in respect to performance of the banking sector.

First, future studies may involve similarly integrating the longitudinal design to study the long-term impact of change management strategies in the light of the bank performance. This would assist in illuminating the influence of long-term effects of sustaining implementation, resistance and adaptation.

Second, cross-comparative studies to different kinds of banks might come in handy as far as determining how organization size, structure and available resources influence the efficacy of change practice is concerned.

Third, the mediating or the moderating effect of organizational culture in between change strategies, and performance can be explained through future researches. Improving the knowledge about the role of organizational culture in either empowering or frustrating or reacting to the introduction of change perhaps could yield more directed policy and practice advice.

Fourth, the current study has focused on key initiatives that include environmental scanning, employee commitment, learning operations and control and surveillance. Leadership styles, digital transformation, customer experience strategies are other examples of change dimensions that should be examined in the future to develop a deeper perception of change drivers, antecedents to both performances.

Fifth, qualitative data collection: Use of ethnographic or in depth interviews / case studies in a sample of banks would bring depth to the quantitative results, recording lived experiences, perceptions and institute-specific problems or successes in managing change.

Sixth, it is also possible to study the regional differences in Kenya (urban/rural branches) in terms of how these differences influence the character and successfulness of change initiatives by geographical and demographics facets.

Lastly, investigating the role that regulatory environments and macroeconomic factors play on the manner in which the change processes are conducted as well as on the outcomes of the same, pertaining to commercial banks; must be a future research topic. This would help policy makers come up with reforms that are more precise to the ground realities.

Their suggestions are aimed at adding information on the literature about change management and evolve more empirical foundation to help the banks improve their performance..

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APENDICES

Appendix A: Questionnaire for Heads of Operations Department and Strategy Managers

Introduction:

I am Velma Mwende David, a Master's student at the Catholic University of Eastern Africa (CUEA), Nairobi, Kenya. My study is titled *Change Management Strategies and Performance of Listed Commercial Banks in Kenya*. This research is purely for academic purposes, and your response will be held in confidence. I kindly request you to fill out this questionnaire, which contains Likert-scale items and open-ended questions. Please indicate your level of agreement for the Likert-scale items and provide a brief explanation for the open-ended questions. Thank you.

I am willing to participate in the said study.

Signature: ..... **Date:** .....

SECTION A: DEMOGRAPHIC INFORMATION

1. Name of the Bank (Optional)…….

2. Job Title…….

3. Years of Working with the Bank? 1-2 ☐ 3-5 7- 10 ☐

above ☐

SECTION B: Environmental Assessment and Performance of Commercial Banks

The following statements relate to Environmental Assessment and Performance of Commercial Banks in Kenya.

Please indicate your level of agreement with each statement using the scale provided: SD (1) = Strongly Disagree D (2) = Disagree N (3) = Neutral A (4) = Agree SA (5) = Strongly Agree

	Ratings	**1**	**2**	**3**	**4**	**5**
		SD	D	N	A	SA
	Environmental Assessment and Performance of Commercial Banks					
i	SWOT analysis results are integrated into the bank's decision-making and strategic planning processes.					
ii	The bank sets specific, measurable, and time-bound goals based on environmental assessments.					
iii	Goal setting in the bank reflects a clear response to identified strengths, weaknesses, opportunities, and threats.					
iv	There is a clear alignment between the bank's strategic goals and the findings from environmental assessments.					
v	Environmental assessments directly influence the bank's strategic direction and performance improvement efforts.					
Vi	The bank rarely reviews environmental factors before making decisions that impact market share.					
vii	Environmental scanning helps the bank identify profitable opportunities that improve return on investment.					

viii	Failure to assess customer needs in the external environment has led to declining client satisfaction.					
ix	Timely evaluation of market trends has contributed to our growth in market share.					
x	Ignoring external regulatory and economic signals has negatively affected our return on investment.					

In your view, what can list commercial banks in Kenya do to better integrate environmental assessments into their strategies for improved performance?

SECTION C: Employee Engagement and Performance of Commercial Banks

The following statements relate to employee engagement and Performance of Commercial Banks in Kenya.

Please indicate your level of agreement with each statement using the scale provided: SD (1) = Strongly Disagree D (2) = Disagree N (3) = Neutral A (4) = Agree SA (5) = Strongly Agree

	Ratings					
	Employee Engagement and Performance of Commercial Banks					
	The bank's vision is clearly communicated to all employees.					
	Employees understand how their roles contribute to achieving the bank's vision.					
	The bank identifies and supports individuals who lead					

	and inspire change within the organization.					
	Employees are encouraged by internal champions who promote engagement during periods of change.					
	gement considers employee feedback when making key decisions.					
	yee engagement initiatives have contributed to an increase in our bank's market share.					
	levels of staff participation in decision-making have positively influenced customer satisfaction levels.					
	of employee recognition has limited improvement in return on investment.					
	nk's market share has remained stagnant due tminimal employee involvement in strategic planning.					
	uate employee training has negatively affected client satisfaction outcomes.					

In your opinion, how can listed commercial banks in Kenya improve employee engagement to enhance performance?

SECTION D: Learning Culture and Performance of Listed Commercial Banks

The following statements relate to Learning Culture and Performance of Commercial Banks in Kenya.

Please indicate your level of agreement with each statement using the scale provided: SD (1) = Strongly Disagree D (2) = Disagree N (3) = Neutral A (4) = Agree SA (5) = Strongly Agree

	Ratings					
	Learning Culture and Performance of Commercial Banks					
	The bank invests consistently in employee training and development to enhance performance.					
	Employees are encouraged to share knowledge and collaborate across departments.					
	The learning culture in our bank fosters innovation and continuous improvement.					
	Training programs are aligned with organizational goals to improve staff capacity and bank performance.					
	The bank supports open communication and feedback that leads to creative problem-solving and innovation.					
	The bank's investment in continuous learning leads to improved customer satisfaction.					
	A strong learning culture in the bank has contributed to					

	long-term growth in return on investment.					
	Limited learning opportunities have reduced the bank's ability to expand its market share.					
	Limited staff knowledge-sharing reduces service quality and client satisfaction.					
	The absence of structured training programs has hindered improvements in financial performance.					

In what ways does your bank promote innovation through training, collaboration, and knowledge sharing among employees?

ION E: Monitoring and Control and Performance of Commercial Banks

The following statements relate to Monitoring and Control and Performance of Commercial Banks in Kenya.

Please indicate your level of agreement with each statement using the scale provided: SD (1) = Strongly Disagree D (2) = Disagree N (3) = Neutral A (4) = Agree SA (5) = Strongly Agree

	Ratings					
	Monitoring and Control and Performance of Commercial Banks					
	The bank has effective systems for tracking the progress of its strategic and operational goals.					
	Progress monitoring results are used to make timely adjustments that improve performance.					

	Regular audits and performance evaluations are conducted across different departments.					
	Audit and evaluation reports are used to identify gaps and enhance the bank's performance.					
	Employees are regularly monitored to ensure compliance with internal policies and regulations.					
	The bank's monitoring systems rarely support growth in market share.					
	Weak internal controls have led to reduced return on investment.					
	Audit and compliance gaps have negatively affected client satisfaction					
	Regular performance tracking has helped improve our market share					
	Effective monitoring tools have enhanced return on investment.					

In your opinion, what improvements can be made in monitoring and control practices to enhance the performance of commercial banks in Kenya?

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