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ABSTRACT

This study examined the influence of financing strategy, banking innovations, relationship marketing and human capital focus on organizational performance of listed commercial banks in Kenya. The study adopted descriptive survey design. Self-administered structured questionnaires (closed ended questions) were utilized. The study found that the four independent variables (financing strategy, relationship marketing, banking innovations and human resource focus) significantly influenced organizational performance of listed commercial banks in Kenya. The study concluded that first, a well-crafted and effectively implemented financing strategy can enhance organizational performance of listed commercial banks in Kenya. Secondly, consistent application of relationship marketing approaches like bonding with customers, winning brand trust, reciprocity and swift conflict resolutions can attract and retain a significant customer base that can enhance performance of listed commercial banks. Thirdly, timely adoption of viable banking innovations can lead to a significant improvement in the organizational performance of listed commercial banks. Fourthly, commercial banks' commitment to human resource attributes that can motivate employees to work extra hard for the overall organizational performance of banks. The study recommended that first, finance managers of listed commercial banks should craft a feasible financing strategy that viably realize significant contribution to the bank's performance. Secondly customer service officers should consistently apply relationship marketing approaches like bonding, winning brand trust, reciprocity and swift conflict resolutions, to attract and retain a considerable customer base that can significantly enhance the performance of the bank. Thirdly, innovators in the banking sector should timely roll out viable banking innovations to cut operational costs and enable listed commercial banks realize a significant improvement in their organizational performance. Fourthly, the banks' top management team should concisely focus on human services so as to attract and retain high flier and talented employees that can steer listed commercial banks to superior organizational performance. For further research, a similar study can be done on all commercial banks in Kenya so as to compare empirical findings and a similar study can be replicated on Micro Finance Institutions and deposit taking Saccos so as to compare empirical findings.

Key Words: *Finance, Banking Innovations, Relationship Marketing, Human Capital Focus, Commercial Banks*

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INTRODUCTION

Commercial banks in any economy play a significant role of mobilizing resources from savers and transferring funds to borrowers so as to improve efficiency of the financial markets. They also serve as a point of convergence between those with surplus funds and those in need of funds. More specifically, to boost economy, commercial banks offer various services to borrowers, savers and other financial market participants including; extending loans, accepting deposits, having in place Automated Teller Machine (ATM) services, agency banking, mobile banking and taking services to the people by opening branches close to their customers (Chang, Ciana & Hsiao, 2017).Combination strategy is a mixture of stability, growth, expansion or retrenchment strategies which applied either simultaneously or the same time in different business or sequentially at different times in the same business. It is also called as mixed or hybrid strategy.

Schmieder et al. (2020) noted that the global banking sector has entered the COVID-19 crisis with an excess of own funds over the Pillar 1 requirement of approximately USD 5 trillion. The scale of lending, which appears to be crucial for economy’s recovery, depends on the extent to which capital will be consumed as a result of the crisis and to what extent capital requirements will be liberalized. The above mentioned authors estimate that in a negative scenario the surplus may decrease to approx. USD 800 billion, which creates space for new funding of USD 5 trillion, approx. 6% of the current balance of credits. In an extreme negative scenario, these figures will be USD 270 billion and USD 1 trillion, respectively (Schmieder et al. 2020.

Stiller and Zink (2020), when examining Western European banks, concluded that, on the one hand, the performance of the banking sector will be determined by unfavorable macroeconomic prospects and uncertainty and unpredictability, but, on the other hand, the current situation provides an opportunity to build new business models aimed at intensifying the digitization process. The authors expect a new IT boom to improve banks’ operational efficiency. The study also revealed differences in the quality of retail customer service, which may be a premise for changes in individual banks' market shares.

Tyson (2020) reported that many banks in Africa reported a decline in organizational performance of a number of commercial banks as measured in both financial and non-financial terms, for instance, in Africa; studies show average decline in values between March and April 2020 is about 37.4% showed a general decline in both the number of interbank money market monthly deals and total deal values during the Covid-19 pandemic. The results reflect dampening performance of commercial banks due to the Covid-19 pandemic, low operational efficiency, unreliable service quality, bank switching customer behavior, decreasing number of loyal customers and customer retentions problems.

Wilson (2020) asserted that many commercial banks in undeveloped and developing countries in Africa experience a mass-default of loans, recoveries becoming complex and harder, savings exhausted by customers to support daily living, decreased availability of loanable funds, and depressed new investment demand; thus recommended studies on feasible strategies such commercial banks can adopt to recover from declining organizational performance.

There are 12 listed banks at the Nairobi Securities Exchange (NSE) under the main market segment under banking stream (NSE, 2018). The NSE is regulated by Capital Markets Authority (CMA) which was established through an Act of Parliament, Cap 485 in 1989 and whose key role is to ensure proper conduct of all licensed persons and market institutions as well as investors protection (CMA, 2018). The listed banks are required to publish their financial reports widely hence is easy to access relevant information on financial performance.

Further, Tier 1 commercial banks in Kenya constitute an estimated 52% of the market share in Kenya and are generally considered to be relatively stable and have the highest asset quality. Tier 1 banks control not only a significant size of the market but also exert influence on lending interest rates and interbank liquidity. The short-term effects of the Covid-19 pandemic on these banks would be indicative of the potential downside risk and the deteriorating economic environment that commercial banks face in Kenya (CBK, 2020).

In terms of non-performing loans, approximately 75% of Tier 1 banks in Kenya reported a significant increase in total non-performing loans in the first quarter of 2020 when compared to the first quarter of 2019. In the first quarter of 2020, Tier 1 banks reported an average increase of 12.65% in non-performing loans and an increase of 185% in total loss provisions. Some banks reported significantly higher losses. For example, Kenya Commercial Bank (KCB) (the largest commercial bank in the country) reported an increase of 37.5% and 141.7% in non-performing loans and total loss provisions respectively. Equity bank reported an increase of 648% in total loss provisions. There is thus a precipitous rise in commercial banks' cost-to-income and operating income-to-expense ratios during the Covid-19 pandemic (CBK, 2020).

Statement of the Problem

Commercial banks are key players in the financial sector that drives Kenya's economy. However, although some commercial banks in the Kenyan banking industry have recorded improved overall performance, several banks have not been doing well financially (Oloo, 2017). The ratio of NPL to total loans increased to 12.6 percent in 2018 up from 9.6 percent in 2017, and pre-tax profits declined by 8.4 percent in the year 2018 (CBK,2018).

Contextually, most researches on the application of combination strategy has really been done in developed countries (Rose,2017), Tyler & Wilkinson, (2017), DeYoung, Lang and Nolle's (2017), Tam et al., 2020),) with very few ones in developing countries (Wilson, 2020) like Kenya, the need for this study so as to compare empirical findings. Methodologically, most studies have collected primary data to analyze bank performance with little regard to secondary data which is considered by finance analysts as more valid and reliable time series data (Hsiao et al. (2017)) when analyzing financial performance of a bank.

According to CBK report (2020), Central Bank lowered the Cash Reserve Ratio to 4.25 per cent in order to avail Ksh. 35.2 billion to commercial banks- thus banks to lend more due to reduced cost of funds. This liquidity availed by CBK to banks was based on their demonstrated requirement to directly support financially distressed borrowers, interbank rate declined from 5.3% in March 2020 to 1.8% in July 2020 (CBK,2020).

More so, CMA (2020) summarily reported that some commercial banks are performing below the industry average, experience high customer switching patterns due to perceived low quality service; low rate of acquiring new customers, thus declining market share; while some were unable to pay dividends timely or decreased dividend rates due to diminished return on investment. This summarized report by CBK (2020) on declining performance of some commercial banks coupled with stiff competition from deposit taking Saccos, Micro finance institutions, Micro finance banks and mobile money lenders therefore motivated this study to examine influence of combination strategy on organizational performance of listed commercial banks in Kenya.

Objectives of the study

The general objective of the study was to examine influence of combination strategy on organizational performance of listed commercial banks in Kenya. The specific objectives were;

- To examine influence of financing strategy on organizational performance of listed commercial banks in Kenya.
- To evaluate influence of relationship marketing on organizational performance of listed commercial banks in Kenya.

- To assess influence of banking innovations on organizational performance of listed commercial banks in Kenya.
- To determine influence of human resource focus on organizational performance of listed commercial banks in Kenya.

LITERATURE REVIEW

Theoretical Review

Strategic Choice Theory

Founded under organizational theory, the strategic choice approach became widely used as the underlying theoretical foundation in investigating corporate governance research issues from the 1980s to the mid-1990s. This approach stresses that actions are undertaken by directors to help the firm adapt to its environment. The ability of the firm in adapting to its environment is argued as the main explanation of the organizational outcomes obtained by the firm. Therefore, the role of the Directors, firm manager's progresses from the mere performance of legal and managerial tasks to those involving strategy development and implementation (Kreiken, 1985).

The other important function is for directors and top managers to apply appropriate tools and management methods so as to measure performance of the organization and report positive results to the shareholders. In fulfilling this role, the board can use tools such as the Kaplan and Norton Balance Score Card (Kaplan, 2010). The choice of investing in a sizeable and quality board is therefore very important in order to deliver better performance.

This strategic choice theory is relevant to this study in the sense that choice of particular strategies is at the bank managers' discretion and a particular strategy chosen can consequently affect the bank's performance.

Resource Based View Theory

This theory was developed by Birge Wenefeldt in 1984.It is a method of analyzing and identifying a firm's strategic advantages based on examining its distinct combination of assets, skills, capabilities and intangibles as an organization. Each firm develops competencies from these resources, and when developed especially well, these become the source of the firm's competitive advantage (Pearce & Robinson, 2007). These competitive advantages in turn can help the organization enjoy strong profits (Barney, 1991). The founding idea of viewing a firm as a bundle of resources was pioneered by Penrose in 1959. Resource based view theory is based on the idea that the effective and efficient application of all useful resources that the company can muster helps determine its competitive advantage especially where emphasis is put on the importance of resources and its implications for firm performance (Conner, 1991).

That is, the essence of the Resource Based Model is that competitive advantage is created when resources that are owned exclusively by the firm are applied to developing unique competencies. Companies are different collections of resources: tangible and intangible assets/capabilities. No two companies are alike in terms of the resources they hold. The resources a company holds determine how well that company performs its activities. A company will be positioned to succeed if it has the best and most appropriate stock of resources relevant for its business and strategy. Competitive advantage ultimately can be attributed to ownership of valuable resources that enable the company perform its activities better than competitors. Organizational capabilities are defined by the complex combination of assets, people and processes that companies use to transform inputs into outputs (Thompson, and Strickland, 2003).

Therefore, the resource-based view theory connects to this study in the sense that during financial crunch, a commercial bank strategically rethinks through its resources to be able to achieve higher performance.

Resource Dependency Theory

Resource Dependence Theory by Pfeffer and Salanchik (1978) provides inter-firm governance as a strategic response to conditions of uncertainty

and dependence between exchange partners. The theory further entails that organizational actions are primarily driven by resource considerations, and that resource complementarities among firms can, to a large extent, explain the relationships and interactions among them. The theory assumes that variations in uncertainties arising in the organization and business environment are responsible for both internal power distributions between organizational entities and external power distribution between market participants (Hillman et al., 2009).

In co-operative performance under uncertainty condition, resources mismatch creates dependencies among cooperatives and other participants in the cooperative sector. Thus, the theory provides an indication of the extent to which a firm in business environment like Sacco needs to maintain information and material resources exchange with other fellow partners in business environment as the future is uncertain (Gulati and Sytch, 2007).

The resource dependency theory thus connects to this study in the sense that to save on operational costs and enhance financial performance, banks must adopt human capital focus approaches and feasible banking innovations to avoid resources mismatch and wasteful use of resources to run cost –ineffective operations.

Diffusion of Innovation Theory

This theory proponed by Rogers (1983) asserts that factors which influence the diffusion of an innovation include; relative advantage (the extent to which a technology offers improvements over currently available tools), compatibility (its consistency with social practices and norms among its users), complexity (its ease of use or learning), trialability (the opportunity to try an innovation before committing to use it), and observability (the extent to which the technology's outputs and its gains are clear to see). These elements are not mutually exclusive thus unable to predict either the extent or the rate of innovation diffusion.

Dillon and Morris (1996) further expanded the array of innovation characteristics. Three of the seven innovation characteristics are directly borrowed from Rogers: relative advantage, compatibility, and trialability. The other characteristic, ease of use, is a close relative to Rogers' (1983) complexity. It is worth noting that both relative advantage and ease of use are subjective characteristics since they can be viewed differently depending on an individual's perceptions.

In this regard, the innovation diffusion theory describes the innovation-decision process within organizations, and is relevant to this study in that it helps in understanding how the characteristics of banking innovation like mobile banking, agency banking and point of sales system interact to affect its adoption within the banking sector and its consequent effect on the overall performance of commercial banks listed on NSE.

Technology Acceptance Model

Davis (1989) advanced the Technology Acceptance Model which relates the individuals' behavioral intentions and his/her ICT use. From the model, it is suggested that, the actual behavior of a person is determined by his behavioral intention to use, which is in turn influenced by user's attitude toward and perceived usefulness of the technology. However, attitude and perceived usefulness are both determined by ease of use. Adopting the TAM model requires the understanding of end-user's requirements regarding usefulness and user friendliness. From this model, usefulness and user friendliness affect users' attitudes towards any service.

Using the TAM as a theoretical framework, Wang, Lin and Tang, (2003) introduces "perceived credibility" as a new factor that reflects the user's security and privacy concerns in the acceptance of internet banking. Wang et al. (2003) examines the effect of computer self-efficacy on the intention to use internet banking. The results strongly support the extended TAM in predicting the intention of users to adopt internet banking. It also demonstrates the significant effect of computer

self-efficacy on behavioral intention through perceived ease of use, perceived usefulness, and perceived credibility (Wang, Lin and Tang, 2003).

Therefore, the Technology Acceptance Model is relevant in this study in the sense that the rolling out of many innovations by commercial banks can be affected by the customers' attitudes of perceived relevance and ease of use of the emerging bank innovations; thus, commercial banks normally use pull and push strategies to enable customers accept new innovations like mobile banking, agency banking and point of sales payments.

Conceptual Framework

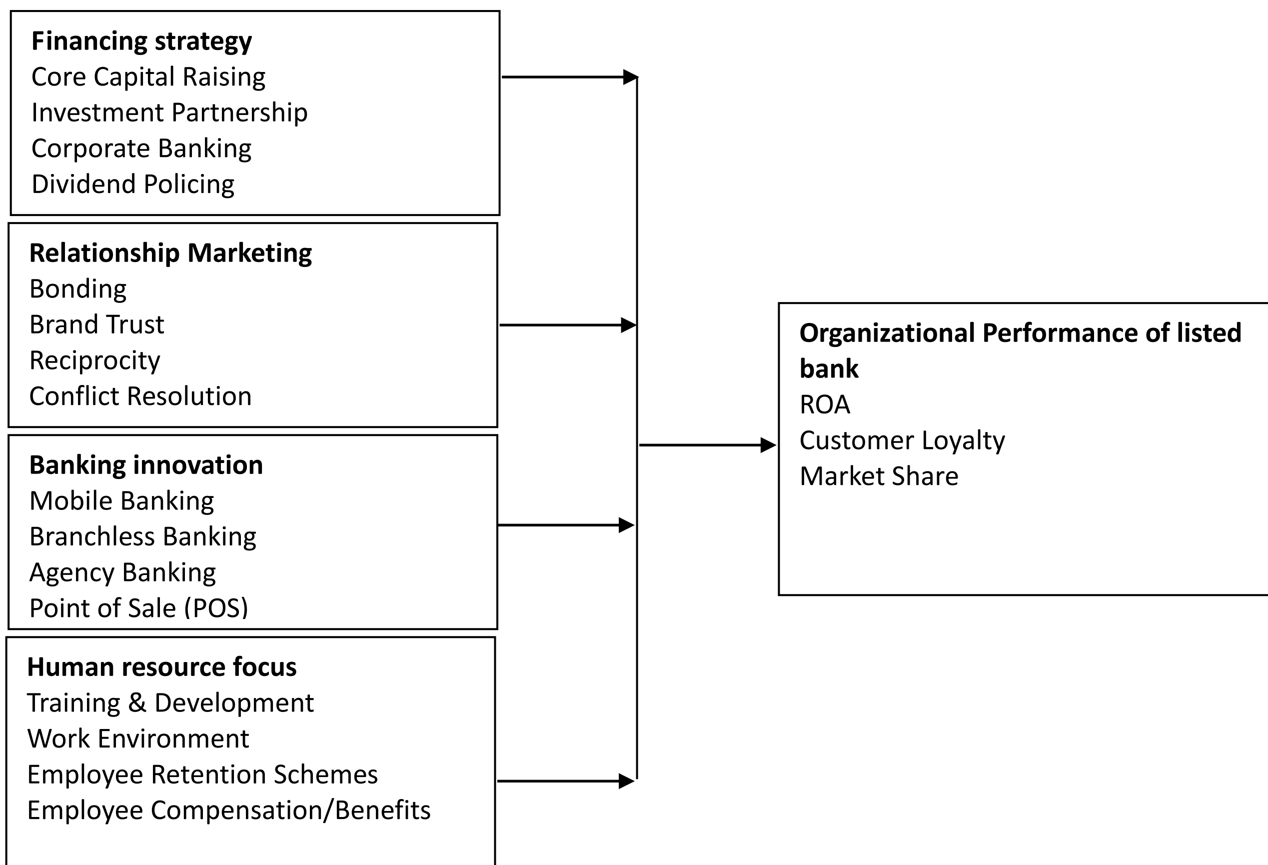

Figure 1: Conceptual Framework

Empirical Review

The study by Okwo et al. (2017) assessed the impact of a company's investment in fixed assets on its operating profit margin. The study is based on a sample four companies in the Nigerian brewery sector over an eleven-year period from 2004 to 2014. The operating profit margin was taken as the dependent variable while the independent variables were Sales/Net Fixed Assets ratio, Interest Rates, Foreign Exchange Rate, and Inventory/Cost of Sale ratio. The findings of the study were that though the relationship between the level of investment in fixed assets and its impact on the operating profit was positive, the result was not statistically significant. Therefore, the result did not suggest any strong positive impact of investment in fixed assets on the operating profit of brewery firms in Nigeria.

Rose (2017) studied the financing strategies of almost 730 commercial banks in the U.S. that reportedly were experiencing financial crisis. The financial performance tools used in the research were ROA, ROE, and Net Interest Margin. The independent variable was measured using core

capital raising approaches applied by the banks. The research methods used were describing analysis methods and Ordinay Least Square methods. The results showed that the commercial banks that swiftly adopted core capital raising tactics had consistently recorded higher profits. However, the study did not specify core capital raising strategies used in the study, a gap that will be addressed by this study.

Bomiegha & Kalu, (2018) while examining the relationship between relationship marketing and sales performance in Nigeria found a positive and significance relationship. The study data was collected using questionnaires in the banks of Ogun State. Regression analysis were used for data analysis. The study focused on satisfaction of customers, reduction of perceived risks, customer loyalty and long and short term customer satisfaction. It was found that this did not include the brand trust which this study added for conclusive findings on relationship marketing and performance.

Fisk (2016) study asserted that brand loyalty is "the ultimate objective and meaning of brand equity", adding that "brand loyalty is brand equity". Brand loyalty has been considered as the core dimension of brand equity by Jobber (2007) mainly because of the value of a brand to an organization depends on the loyalty of the customers which in turn can generate profit. The author further referred to it as the relationship between customer and a brand, and the relatedness of customer with the brand. The different authors in this study fail to establish the extent to which relationship marketing determines organizational performance, a gap that study will address.

Cheng et al. (2017) study on payment innovations found that electronic payment services are provided on an electronic billing platform connected to the bank payment and settlement systems of e-commerce companies and commercial banks. That is, this rose as a way to resolve problems of trust and financial transaction security between buyers and sellers. Thus, it is able to effectively promote the convenience and applicability of traditional cash payments, money transfers, and bank card payments by utilizing innovative payment technology supported by the internet, thus minimizing manual transactions.

Iftekhar, Schmiedel and Song (2019) study found that retail payment transaction technologies have an intensifying effect on the relationship between retail payment services and bank performance. That is advanced retail payment transaction technologies fosters innovation and growth in the retail banking sector. This further creates more value associated with retail payment services for banks. On the other hand, if more retail payment transactions have been done through ATMs or POS instead of retail payments offices, banks can be more cost efficient and obtain more income. The study concluded that Innovations of retail payment services have a larger impact on bank performance in countries with a relatively high adoption of retail payment transaction technologies.

Ozlem and Bumin (2016) studied the relationship between downsizing of employees to minimize operational cost and enhance financial performance of Turkish banks. The researchers analyzed the pre and after downsizing of employees and performance of the banks (2010-2015) as measured using Paired Samples T-Test. The study results showed that there was no significant difference between the profitability of Turkish banks before and after downsizing-that is, no significant relationship between downsizing- as operational cost cutting measure and bank profitability. The showed the importance of human capita services on performance of banks. However, the study did not specify which employees to be downsized and measured bank performance in terms of profitability, without incorporating other measures of bank performance, a gap that will be filled by this study.

Ugoani and Ugoani (2017) studied on business process operations and Nigerian Banking system efficiency. The study revealed that Prior to 2000, and before banks in Nigeria embraced business

operations restructuring, the Nigerian Banking system was inefficient, characterized by frauds, long queues, nonperforming loans, illiquidity and distress. As one way of overcoming these challenges banks started to focus on business operations restructuring as a veritable tool to drive efficiency, customer satisfaction and improved shareholder value. With the advent of business operations restructuring and process improvement, efficiency gradually strolled back into the Nigerian Banking system. Against the pre- business operations restructuring era when the liquidity ratio of the Nigerian Banking system was minus 15.92 percent in 1996, with 41 banks falling below the 30 percent minimum prudential requirement, the Nigerian Banking system had a positive average liquidity ratio of 65.69 in 2011, with all the banks meeting the 30 percent minimum liquidity ratio. The banks that introduced business operations restructuring early in the 2000s remained without distress, liquid, efficient and with high growths in gross earnings, total assets profitability and equity. The exploratory research design was deployed for the study, and it was found that business operations restructuring has positive effect on Nigerian Banking system efficiency. However, the study recommended use of human capital to effectively implement the bank operations, a gap that will be filled by this study.

METHODOLOGY

The research used descriptive survey. This study targeted 108 departmental heads from each of 12 commercial banks on NSE in Kenya. This study targeted 9 relevant section managers (like risk managers, corporate affairs managers, human resource managers, finance managers, Accounts managers, audit managers, strategic managers, customer relations managers, marketing managers) from each of 12 commercial banks listed on NSE in Kenya, making a sampling frame of 108 respondents. Since this study's population is fairly small (108), a census method (Mugenda and Mugenda, 2003) was employed to avoid sampling bias when the study population is small. The research adopted structured questionnaire because they are simple to administer and collect a lot of information. That is, self- administered structured questionnaires (closed ended questions) were utilized to collect primary data from the respondents (Kothari, 2007). The structured questionnaires were designed in multiple choice formats based on a 5 point Likert scale ranging from 1 to 5 with 1 denoting strongly disagree and 5 strongly agree. The study also used secondary data collection sheet- ROA % for years 2012-2021. The questionnaires were administered by the researcher, research assistants to the respondents and emailing respondents (where applicable) and collecting them when dully filled. Pilot testing was done and a Cronbach alpha computed using SPSS version 24. A threshold cronbachs alpha coefficient of at least 0.70 was deemed reliable. All collected data was coded, cleaned, tabulated and analyzed using descriptive and inferential statistics with the aid of specialized Statistical Package for Social Sciences, version 24.

FINDINGS

Descriptive statistics

Descriptive statistics were based on the study's independent variables (Financing strategy, Relationship marketing, banking innovation, Human resource focus) in as far as they were perceived to influence organizational performance of listed commercial banks in Kenya (dependent variable). From table 1 (Descriptive statistics) on measures of central tendency and dispersion, the following can be summarily inferred.

Table 1: Descriptive Statistics

		Financing Strategy	Relationship Marketing	Banking Innovation	Human Resource Focus	Organizational Performance
N	Valid	101	101	101	101	101
	Missing	0	0	0	0	0
Mean		3.4010	3.3317	3.3845	3.2772	3.5419
Median		4.0000	3.8333	4.0000	3.3333	4.0000
Mode		4.00	4.00	4.00	4.00	4.00
Std. Deviation		.99364	.91119	1.05981	1.18469	1.03849
Skewness		-.599	-.713	-.724	-.335	-.720
Std. Error of Skewness		.240	.240	.240	.240	.240
Kurtosis		-.395	-.048	-.454	-.789	-.345
Std. Error of Kurtosis		.476	.476	.476	.476	.476

First, from table 1. since this dataset assumes normal distribution, most of the values are within one standard deviation on either side of the mean- thus showing normal small spread. That is, the dataset shows small spread, because all values are close to the mean, yielding smaller variance and standard deviation.

Secondly, the values for skewness (degree and direction of asymmetry) and kurtosis (peakedness), are well within ±1.96 limits, suggesting that the departure from normality is not extreme. The values of skewnwess show both positive and negative implying that some data are slightly right-skewed while some slightly left-skewed. Kurtosis values fall within +1 and -1 showing that few observations highly deviate from the mode; - in a visual presentation, the curve could be neither too flat nor too peaked.

Thirdly, in terms of interpreting the mean and mode, financing strategy mean is 3.401 with a standard deviation of .99364 while the mode is 4 (4 = agree on likert scale), implying that fairly a majority number of respondents were of the view that financing strategy influence performance of the commercial bank. The results support Tyler & Wilkinson (2017) assertion that financing strategy enhances liquidity, lower the cost of capital, reduce risk, avoid loss of control, and improve shareholder value, among many other reasons.

Fourthly, relationship marketing mean was 3.3317 with a standard deviation of .91119 while the mode was 4 (4 = agree on likert scale), implying that most respondents perceived use of relationship marketing as an effective strategy to attract and retain customers, thus consequently enhancing organizational performance of the listed commercial bank. The results are supported by Onuonga (2014) who asserted that ultimate goal of relationship marketing efforts for the organization is to create a consumer champion or advocate, who is loyal and also recommends the company and its products to others, thus a strong customer base can improve financial performance of a commercial bank that is effectively utilizing the relationship marketing approach.

Fifth, banking Innovation mean is 3.3845 with a standard deviation of 1.05981while the mode is 4 (4 = agree on likert scale), implying that most respondents were of the view that use of various banking innovations can save on costs of operations and significantly improve organizational performance of the listed commercial bank. This is supported by Cheng et al., (2017) who reiterated that payment innovation for instance is able to effectively promote the convenience and

applicability of traditional cash payments, money transfers, and bank card payments by utilizing innovative payment technology supported by the internet, thus minimizing cost associated with manual transactions.

More so, human resource focus mean is 3.2772 with a standard deviation of 1.18469; the mode is 4 (4 = agree on likert scale), implying that most respondents were of the view that a commercial bank that invests heavily on its human capital in terms of training, development and providing a conducive work environment can enable the workforce work and dedicate their skills and effort to improve organizational performance of the listed commercial bank. This is supported by Essam and Ahmed (2016) study on human capital focus in Egypt which indicated that the banks' focus on training and career development of its employees has many benefits as a result of improved performance of the bank by controlling the cost of operations and the recruitment of 'best brain' employees to develop best quality products and services offered to customers to meet the challenges of competition.

Lastly, organizational performance of the banks mean is 3.5419 with a standard deviation of 1.03849; the mode is 4 (4 = agree on likert scale), implying that most respondents were of the view that the banks' performance improved in terms of market share, customer loyalty and ROA (secondary data) due to application of a blend of strategies to rescue their declining rate of performance. This is supported by Ochieng (2018) the study of turnaround strategies in competitive environment in Kenya that recommended that banks like any other profit making company must take advantage of the new technological opportunities, integrate all approaches and all areas of operation of the organization in outcome-based structures.

Finally using secondary data on bank's ROA for a period 2012-2021 (table 2) most banks were experiencing a declining rate of performance and notably all banks experienced a decline in ROA% (Profit before tax as % of total assets) in the year 2020 (Covid-19 period), thus necessitating banks to roll out turnaround and hybrid strategies that will cushion their declining rate of performance.

Table 2: ROA% (Profit before tax as % of total assets)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Equity	7.40%	7.40%	7.26%	6.56%	6.00%	5.68%	5.60%	5.10%	2.13%	4.70%
KCB	5.20%	5.50%	5.93%	5.01%	5.64%	4.94%	5.00%	4.90%	3.11%	4.90%
NCBA	4.20%	4.60%	4.44%	3.99%	3.66%	2.94%	3.10%	2.00%	1.41%	3.10%
STB	5.90%	6.00%	6.42%	3.83%	5.10%	3.34%	4.00%	4.20%	2.15%	3.60%
ABSA	7.00%	5.80%	5.44%	5.01%	4.02%	3.68%	3.20%	3.20%	2.20%	3.40%
STANBIC	3.50%	4.10%	4.31%	3.56%	3.37%	2.34%	3.10%	2.80%	1.96%	3.00%
DTB	4.90%	4.90%	4.47%	3.69%	3.64%	3.05%	3.30%	3.20%	1.26%	1.40%
I&M	5.20%	5.50%	5.64%	5.66%	5.27%	4.09%	3.80%	4.70%	3.63%	3.40%
COOP	4.80%	4.70%	4.43%	4.14%	5.15%	4.31%	4.30%	4.50%	3.41%	3.90%

***Source**: CBK Bank supervision Annual reports;2012-2021*

Inferential statistics

Assumptions of multiple regression models

Before running inferential analysis, assumptions of multiple regression analysis were checked and met. First, the number of cases of the independent variable ought to be at least 20. This study had four independent variables; therefore, the minimum cases ought to be 4x20 = 80. This study sample size was 108, hence met this assumption.

Secondly, accuracy of data was checked, thus, the scales of measurement were all valid and reliable since questions had construct validity and acceptable Cronbach's alpha (which is a measure of reliability) values were 0.7 and above thus met this assumption.

Thirdly, since data collected was categorical data, it was first transformed using SPSS to continuous data to allow running of regression analysis, since running regression analysis using categorical data can lead to statistical errors and inferences.

Fourthly, Shapiro-Wilk test was used to test normality. For tests on samples of n = 3 to 2000, Shapiro Wilks test is recommended; but for those of n > 2000 use Kolmogorov-Smirnov (Field, 2013). Since n is less than 2000, Shapiro-Wilk test was deemed suitable to test normality. When testing normality, the following normality hypotheses were stated;

H_0 = data come from a normally-distributed population

H_a = data did not come from a normally-distributed population

If you accept H_0, then assume normality

If you reject, then do not assume normality

Table 3: Normality test

	Shapiro-Wilk		
	Statistic	df	Sig.
Financing Strategy	.981	101	.231
Relationship Marketing	.871	101	.093
Banking Innovation	.979	101	.229
Human Resource Focus	.936	101	.135
Org Performance	.959	101	.199

From the computed SPSS output (table 3.) of the Shapiro-Wilk tests the p-value is greater than 0.05 so we accept the null hypothesis that the data come from a normally-distributed population.

Fifth, multicollinearity was checked using correlations between all pairs of independent variables (financing strategy, relationship marketing, banking innovation, human resource focus). Most researchers assert that if correlation coefficient, (r) is close to 1 or -1, then there is multicollinearity but if correlation coefficient (r) is not above 0.9, then there is no multicollinearity. In this study (table 4. on correlation analysis), the highest correlation coefficient between all pairs of independent variables (financing strategy, relationship marketing, banking innovation, human resource focus) is 0.599, which is below the threshold of 0.9, thus multicollinearity assumption was checked and met.

Correlation analysis

Correlation analysis was computed to determine bivariate relationship between the independent variables (financing strategy, relationship marketing, banking innovation, human resource focus) and the outcome variable (organizational performance of listed commercial banks in Kenya). The correlation analysis was done using Pearson's product moment correlation coefficient so as to

show if independent variables have significant linear correlations with the dependent variable (organizational performance of listed commercial banks in Kenya).

Table 4: Correlations

		Financing Strategy	Relationship Marketing	Banking Innovation	Human Resource Focus	Organizational Performance
Financing Strategy	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	101				
Relationship Marketing	Pearson Correlation	.599**	1			
	Sig. (2-tailed)	.000				
	N	101	101			
Banking Innovation	Pearson Correlation	.550**	.590**	1		
	Sig. (2-tailed)	.000	.000			
	N	101	101	101		
Human Resource Focus	Pearson Correlation	.568**	.559**	.455**	1	
	Sig. (2-tailed)	.000	.000	.000		
	N	101	101	101	101	
Organizational Performance	Pearson Correlation	.833**	.866**	.703**	.779**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	101	101	101	101	101

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

The correlation analysis in table 4 showed that all independent variables (financing strategy; 0.833, relationship marketing; 0.866; banking innovation; 0. 703; human resource focus; 0.779 had significant correlation with the dependent variable (organizational performance of the bank).

In terms of ranking correlation coefficient values, relationship marketing was highest in correlation coefficient (0. 866) implying that apart from rolling out banking innovations, banks strongly focused on customer service in terms of bonding, brand trust, reciprocity and timely conflict resolution practices to serve customers, thus create superior customer value that possibly enhanced the banks' performance.

Financing strategy came second with correlation coefficient.0. 833, implying that banks that rolled out core capital raising, investment partnership, corporate banking and dividend policing realized that these approaches added some significant value to their financial performance

More so, human resource focus came third with correlation coefficient 0. 779; implying that for banks to effectively implement any strategy, human services are key thus focused on employees training and development, create a conducive work environment, embracing attractive employee retention and compensation schemes so as to attract retain high flier motivated employees

Lastly, though banking innovation had the least correlation coefficient (0.703), it significant correlation coefficient implying that during financial crisis, like the case of Covid-19 pandemic, most banks rolled out viable innovation like mobile

banking, branchless banking, agency banking and Point of Sale (POS) to save on operational costs and attract a large customer base which perceivably translated in the improvement of the bank's financial performance.

Multiple Regression Analysis

Multiple regression analysis in table 5. shows an R square of 0.810, thus we infer that the study model explains 81.0% of the variations in the organizational performance of listed commercial banks, while other factors not in this study model accounts for 19.0%, thus, it is a good study model.

Table 5: Multiple Linear Regression Analysis

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.900[a]	.810	.802	.46218	.810	102.218	4	96	.000

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	87.339	4	21.835	102.218	.000[b]
	Residual	20.507	96	.214		
	Total	107.846	100			

a. Dependent Variable: Organizational Performance of listed commercial banks

b. Predictors: (Constant), Human Resource Focus, Banking Innovation, Financing Strategy, Relationship Marketing

ANOVA results in table 5 showed that the F-statistical value is significant (F=102.218, *significant* at *p<.01*), confirming the fitness of the model. That is, from the study model, the significant F value show that the four independent variables (financing strategy, banking innovation, relationship marketing, human resource focus) are indeed different from each other and that they affect the dependent variable (organizational performance of listed commercial banks in Kenya) in different ways.

Further, from the values of unstandardized regression (β) coefficients with standard errors in parenthesis in table 6, all the independent variables; Financing Strategy; β = 0. .438 (0.068) at *p<0.05*; Relationship Marketing; β = 0.467 (0.098) at *p<0.05;* Banking Innovation; β = 0.223 (0.049) at *p<0.05,* Human Resource Focus*; β = 0.331 (0.061) at p<0.05;* were significant predictors of organizational performance of listed commercial banks in Kenya (dependent variable).

Table 6: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.364	.066		5.511	.000
	Financing Strategy	.438	.068	.419	6.446	.000
	Relationship Marketing	.467	.098	.410	4.757	.000
	Banking Innovation	.223	.049	.254	4.560	.000
	Human Resource Focus	.331	.061	.338	5.455	.000

a. Dependent Variable: organizational performance of listed commercial banks in Kenya

Therefore, the final multiple regression equation for overall significant multiple influence of the study's independent variables (financing strategy, banking innovation, relationship marketing, human resource

focus) on organizational performance of listed commercial banks in Kenya (dependent variable) is;

$$y = 0.364 + 0.438X_1 + 0.467X_2 + 0.223X_3 + 0.331X_4$$

Where;

y= organizational performance of listed commercial banks in Kenya

X_1= Financing Strategy

X_2= Relationship Marketing

X_3= Banking Innovation

X_4= Human Resource Focus

CONCLUSIONS

First, the study concludes that a well-crafted and effectively implemented financing strategy can enhance organizational performance of listed commercial banks in Kenya.

Secondly, consistent application of relationship marketing approaches like bonding with customers, winning brand trust, reciprocity and swift conflict resolutions can attract and retain a significant customer base that can enhance performance of listed commercial banks.

Thirdly, timely adoption of viable banking innovations like mobile banking, branchless banking, agency banking and Point of Sale can lead to a significant improvement in the organizational performance of listed commercial banks.

Fourthly, commercial banks' commitment to human resource attributes like appropriate training and development, conducive work environment, attractive employee compensation, retention schemes and associated benefits can motivate employees to work extra hard for the overall organizational performance of listed commercial banks.

RECOMMENDATIONS

First, finance managers of listed commercial banks should craft a feasible financing strategy that viably incorporates core capital raising, investment partnership, corporate banking and dividend policing so as to realize significant contribution to the bank's performance.

Secondly customer service officers should consistently apply relationship marketing approaches like bonding, winning brand trust, reciprocity and swift conflict resolutions, to attract and retain a considerable customer base that can significantly enhance the performance of the bank.

Thirdly, innovators in the banking sector should timely roll out viable banking innovations like mobile banking, branchless banking, agency banking and Point Of Sale to cut operational costs and enable listed commercial banks realize a significant improvement in their organizational performance.

Fourthly, the banks' top management team should concisely focus on human services so as to attract and retain high flier and talented employees that can steer listed commercial banks to superior organizational performance.

Areas for further research

First, a similar study can be done on all commercial banks in Kenya so as to compare empirical findings.

Secondly, a longitudinal study can be done using time series data only for a period of like 10 years to assess the trend analysis of commercial banks adopting hybrid strategies.

Thirdly, a similar study can be replicated on Micro Finance Institutions and deposit taking Saccos so as to compare empirical findings.

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