

**THE EFFECT OF STRATEGIC LEADERSHIP ON THE
COMPETITIVENESS OF COMMERCIAL BANKS IN KENYA**

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DECLARATION

This research project is my original work and has not been presented for examination to any other university.

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This research project has been submitted for examination with my approval as University Supervisor

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DEDICATION

This project is dedicated to my parents Mr. and Mrs. Nyamu for their continued inspiration and encouragement which has seen me push forward and always aim higher. To my loving wife Martha, daughter Ivy and my siblings Faith, Purity and Michael, who all have been key asset to my success and have supported me emotionally throughout the period that I have worked on the on the project.

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ABSTRACT

With increased globalization, the business environment has continuously become competitive and organizations strive to be innovative and agile. Strategic leadership is among the innovations that organizations seek to enhance so as attain competitiveness. This study will therefore seek to assess strategic leadership and competitiveness of commercial banks in Kenya. The study measured three variables; human capital development, organizational style of leadership and strategic intent and vision articulation, and their influence on competitiveness of commercial banks in Kenya. The research was also founded on two theories; The Total Quality Management Theory and The Trait Theory. The findings of the study further other studies through providing a reference platform for other researchers, provide policyholders with the necessary information to facilitate the development of regulations and policies and also aid organizational leaders and various level decision makers in developing strategies relating to organizational leadership. The study adopted a descriptive research design. The study's population of interest comprised of all managers from the various departments within the 40 commercial banks currently operational and not under statutory as at December 2015. The sample population was a census from all commercial banks in Kenya from which 2 managers were sampled as respondents. Questionnaires were used to collect data from the respondents while data analysis was carried out mainly using SPSS. Correlation and regression analyses were used to describe the type of association between the study variables. The research concluded that the three strategic leadership aspects measured; human capital development, organizational style of leadership and organizational strategic intent and vision articulation positively impact competitiveness in the banking sector with Human capital development having the greatest influence while strategic intent and vision articulation registering the least influence of the three. Additionally, the study established that strategic leadership impacts competitiveness through improved profitability, enhanced productivity and increased market share. The researcher therefore recommends that the organizations should also enhance their ability to effectively manage their human and social capital which is a key resource in determining competitiveness. Besides, the individual institutions should be aggressive in seeking to become winners in the market place, efficiently execute their strategic vision and mission, clearly define the path followed by the organization in executing its vision and adopt an intent strategic leadership assessment of the organization's business environment.

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ACRONYMS AND ABBREVIATIONS

| | |
|--------------|--|
| ANOVA | Analysis of Variance |
| BHANG | Big, Hairy and Audacious Goal |
| CBK | Central Bank of Kenya |
| HRD | Human Resources Development |
| HRM | Human Resources Management |
| PBT | Profit Before Tax |
| RBV | Resource Based View |
| SME | Small and Medium Enterprises |
| SPSS | Statistical Packages for Social Sciences |
| TQM | Total Quality Management |

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Success in undertaking business in the current global and well interlinked economy is anchored on effective sharing of key information. An argument by Omar and Mahmoud (2014) asserted that organizational capabilities relating to strategic leadership are key in the competitive landscape expected in the twenty first century. The researchers further argue that human and social capitals can be avenues through which organizations attain and sustain competitiveness and should therefore be carefully nurtured and developed. A business' competitiveness and its sustainability is no longer reliant on the organization' assets but on the firm' effectiveness to manage its intellectual capital resource (Halawi et al., 2005). According to Ong & Ismail (2008) organizational competitiveness could be determined through the economic value generated by the organization within a specified time of its operation.

A number of researchers and academic authors have in detailed the particular skills and organizational resources that can add towards the organization's competitiveness. Organizational resources with the likelihood of propelling a firm to competitiveness has to have four major characteristics which include: uniqueness, value addition, non-imitable, and inability to easily be substituted (Ireland & Hitt 2005) . In today' banking environment, strategic leadership guides organizations in attaining competitiveness and great profitability (Cherian & Farouq, 2013). This is as a result of the leaders being faced with extraordinary challenges that include the emergence of global financial crisis (McConnell, 2013), among others. In this study, the idea of organizational strategic

leadership and its influence on competitiveness of a firm will be elaborated more while considering the following variables; human capital development, organizational style of leadership and strategic intent and vision articulation. The study variables were founded on the TQM theory that links an organization' performance to its ability to meet client' needs by effectively designing products and services and the trait theory that associates performance with the character attributes of an organization' leadership.

1.1.1 Strategic Leadership

Kjelin (2009) defined strategic leadership as the ability of organizations to expect, envision and sustain flexibility while empowering others in order to establish a strategic opportunity and a viable future for the firm. Understanding strategic leadership entails the highlighting of what efficient organizational top leadership actually so as to give rise to a strategy-focused organization (Rumsey, 2013). Hitt and Ireland (2002) argue for this view by recommending that strategic leadership entails accessing critical organizational assets that include established business relationships with an organization' partners "social capital" and developing functioning groups "human capital" as key firm resources. Efficient strategic leadership capabilities are required for organizations to survive in the current competitive business arena (Ireland & Hitt, 2005; Katee, 2013).

According to an argument by the Center for Creative Leadership (2004), strategic leadership entails the discovery of important aspects in an organization that can enable the organization do well and also enhance conditions that facilitate this discovery. This calls for the organizations to learning process strategy where strategic leadership transforms an organization into a continual learning engines. Strategic leaders need to appreciate the need of strategically planning the future of their various organizations in

order to ensure their success (Mapetere, Mavhiki, Nyamwanza, Sikomwe & Mhonde, 2012). Organizational success and competitiveness is majorly determined by the selection of an organization' top leadership (Draft, 2011). The organization' top leadership bear the huge responsibilities of comprehending the business environment within which their organization operate while considering what might take place within the next decade (Grant, 2010)

Generally, strategic leadership capabilities are geared on establishing both human and social capital in an organization which are not mutually exclusive (McCallum & O'Connell, 2009). The dependence is indicated in the fact that most leadership competencies can be categorized as both human and social capital (Hitt & Ireland, 2002). Strategic leaders are expected to manage the firm' resource portfolio through grouping them according to capabilities, restructuring the firm for well utilization of resources and creating strategies for the firm to further take advantage of these resources so as to enhance competitiveness (Sirmon, Hitt, & Ireland, 2007).

1.1.2 Organizational Competitiveness

Andrews (1980), described organizational competitiveness as the advantage that an organization has over its competitors, that further allows it record greater sales or profit margins or retains most of its customers as compared to its competition. The organization should however be in a position to sustain its competitiveness for a reasonable time through ensuring that its competitive strategies are not easily imitable by its competitors. With the global market competition becoming increasingly tight, attaining and sustaining business competitiveness has started obtaining more attention (Omar & Mohamoud, 2013). Several organizational strategies may be developed in response to the competitive

situation. These strategies according to Chepkiyeng & Choge (2014), include; adjusting of target market, diversification, developing new products, distribution changes and making price cuts. For the banking sector, strategic leadership is also critical in providing an enhanced business performance.

In 2008, Barney and Hesterly opined that two categories of organizational competitiveness exist, namely temporary and sustainable competitiveness. According to the researchers, when an organization attains competitive advantage it generally results to improved profits, however, these profits attract further competition that may limit the length of period the organization enjoys the competitive advantage hence mostly competitive advantage is temporary. On the other hand, some organizational competitiveness are sustainable in the event that competitors are not able to imitate the source of advantage or if none of its peers births a better offering to the clients. Different researchers have argued out on the various aspects relating to organizational competitiveness. For instance, Barney (1991) asserted that the subjects of organizational competitiveness is linked to an organization' resources and skills. The objective of organizational competitiveness can be enhanced financial returns from the financial viewpoint, improved capability, value protection from the value chain perspective or customer recognition from a business operation viewpoint (Hitt et al, (2010).

1.1.3 The Banking Industry

Ali (2015) defined a bank as an institution of finance that engages in offering banking and other financial related services to clients. Generally, banks are categorized under financial services sector. Banks assist in providing security to client savings, controlling the supply of money, enhance public confidence in dealing with financial systems and

remove financial powers from the hands of few individuals. Commercial banks all over the world operate in an uncertain environment and therefore have to deal with a number of challenges (Greuning & Bratanovic, 2009). The researchers add that profit is the ultimate result of the performance of banks which reflects the effects of the banks leadership, policies and activities. Zenios and Harker (2000) define performance of banks as the economic performance as measured by a number of financial indicators. They explain that in order for banks to improve their performance they should provide quality services and products and also have efficient risk management which can only be achieved with the right leadership in place. Good bank performance is therefore essential for the stability of the banking sector and the economy in general (Barltrop & McNaughton, 1997).

1.1.4 Commercial Banks in Kenya

The country' banking sector is a very key part of the country' economy. With 43 licensed commercial banks and 1 mortgage finance company, the sector is projected to greatly contribute towards the country attaining its Vision 2030 projections (RoK, 2007). Generally, an effective banking sector positively impacts the country' growth economically through enhancing the supply of capital by supplying credit. The banking sector is seen to mobilize and allocates savings, facilitate trade, assist in the diversification of risk, and add to general economic growth of a nation by providing credit to investors (Levin, 1997). For the sustainability of this sector, stability and profitability is inevitable. In addition, the banking institutions are the main implementers of financial policies set up by the various regulators in the sector (Siddiqui & Shoab, 2011).

Business competition among commercial banks in Kenya has ever been on the increase. This is as a result of the government creating several incentives towards supporting domestic and foreign investors in running businesses (CBK, 2013). This has further seen an increase in the number of institutions offering financial services within the country hence inevitably increasing competitiveness. The performance of financial institutions in the country over the past few years has been poor. A number of regulations since 1990s that targeted at improving its overall performance and enhance accessibility of finances to the populous have been developed. However, the sectors' average profitability has been erratic (Moraa, 2014). Notwithstanding, many changes both technologically and on financial innovations have been created. These transformations have identified the entire banking sector in relation to organizational leadership, strategic implementations, and interactions with customers and association with other institutions.

1.2 Research Problem

In the 21st century, strategic leadership is viewed as one of the greatest concepts in adopting better value based culture within business firms (Draft & Pirola-Merlo, 2009). Bad leadership negatively impacts an organization' overall success (Breene & Nunes, 2006). For years the financial sector in the country has emerged as the vehicle for illegal undertakings and poor management resulting to the financial sector having to bear losses from huge and non-performing loans hence restrictive credit to honest individuals. According to McConnell (2013), the high competition within the banking sector requires the institutions to develop efficient strategies which include effective strategic management processes that will seek to promote and sustain competitiveness through effective management of risks.

The available literature indicates that a number of studies have been conducted on the impact of strategic leadership on organizational performance. For instance, Funda and Cihan (2014) studied the effect of strategic leadership styles on firm performance but were only limited to Turkish SME. Abba (2016) investigated the influence of strategic leadership on strategy implementation in commercial banks in Kenya in a study that adopted a descriptive and inferential statistics designs. However, most of the studies undertaken have addressed other sectors in the country' economy and also failed to assess the cumulative effect of variables such as human capital development, organizational style of leadership and strategic intent and vision articulation on competitiveness. This study there sought to fill this existing knowledge gap by investigating what are the effect of strategic leadership on competitiveness of commercial banks in Kenya.

1.3 Objective of the Study

To determine the effect of strategic leadership on the competitiveness of commercial banks in Kenya.

1.4 Value of the Study

The results from this research enhance the knowledge on influence of strategic leadership on competitiveness of commercial banks in Kenya. These results also aid further studies on other aspects of strategic leadership and organizational competitiveness through providing a reference platform for other researchers.

The banking sector is a key industry that is coupled with a number of benefits such as mobilization and allocation savings, facilitation of trade, diversification of risk, provision

of credit to the private sector and also acting as a source of employment to thousands of Kenyans. This study therefore provides policyholders with the necessary information to facilitate the development of regulations and policies in the management of the banking sector.

The results are also useful to the organizational leaders and various level decision makers. They assist them understand and implement strategies on leadership so as to contribute towards the institutions being competitive.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The literature in this section is presented in the following subsections; theoretical review, strategic leadership, strategic leadership and firm competitiveness, summary of literature and knowledge gap and conceptual framework.

2.2 Theoretical Review

The variables being measured in this study are founded on two theories; The Total Quality Management Theory and The Trait Theory.

2.2.1 The Total Quality Management Theory

This theory is applied within competitive firms in the management of service quality in an unpredictable environment (Chege, 2013). The TQM theory is categorized under the organizational management theories. The theory was developed by Edwards Deming and Joseph Juran in the early 1920's. The Total Quality Management theory argues that an organization's performance is enhanced through designing products and services fully meet the client demands through empowering employees so as to eliminate all aspects that hinder effective development of products and services (John, 1992). According to Johnson and Scholes (2002). TQM also promotes a firm, effectiveness by enhancing the satisfaction of its stakeholders', ensuring continuous improvement and establishing proactive leadership. Johnson and Scholes further assert that the theory holds that product or service quality is only described by their beneficiaries which includes an organization's stake holders. As a result, managers needs to engage their employees in pointing out the firm's internal and external stakeholders and through establishing the criteria used by each in judging so that the firm registers success.

Quality is viewed as a complex aspect based on perception of individuals with varied perspectives on an organization's products and services (Chege, 2013). These views are established through past experiences and product or service utilization in different contexts. Therefore, quality entails time and other relevant dimensions that enrich the complexity of subjective client assessment of product quality (Johnson & Scholes, 2002). Organizational strategies relating to quality management are required to take into consideration this inherent complexity, and establish the complexity into their linked models (John, 1992). A single paradigm gives a narrow perspective in capturing complexity and the multi-faceted nature of reality. The complexity in product quality management is further enhanced if there is unrelenting transformation in the external business environment as a result of intense competition and shifting customer requirements (Johnson & Scholes, 2002). This theory is relevant to the study as it links quality which is an aspect that results to organizational competitiveness to human capital that is a variable in this study.

2.2.2 Trait Theory

Despite the fact that persons with some specific traits are viewed to be more likely successful in leadership, leaders generally are not different from their subjects (Mann, 1959; Stogdill, 1974). However, it is concluded that singularly, individual characteristics alone are not sufficient to foretell future leadership success. A number of character attributes are viewed to be linked to leadership Perception (Lord, De Vader & Alliger, 1986). Specifically, Lord, De Vader and Alliger pointed out that a leader's degree of intelligence and dominance were associated to the subject's perception of their manager's efficiency. Additional researchers established that, even though bearing a certain mix of character attributes does not determine the level of leadership success, effective leaders

are out rightly different from their ineffective counterparts in specific aspects (Kirkpatrick & Locke, 1991). These researchers also established that successful leaders depict a greater degree of self-drive (including achievement, motivation, ambition, energy, tenacity, and initiative), willingness to lead, honesty and integrity, confidence and competence. They further argued that these critical attributes facilitate a leader in the formulation a vision for their subjects and describing an execution strategy for this vision. The trait theory is relevant to this current study in that it anchors the objectives on organizational leadership style and strategic intent and vision articulation which are perceived as a leaders' personal attributes.

2.3 Strategic Leadership

Comprehending strategic leadership entails clearly outlining what effective management organizations undertake so as to actually produce a strategy-focused firm (Rumsey, 2013). In addition, strategic leaders are required to intentionally target an organization' key resources that have a higher likelihood of positively impacting and sustaining future organizational success. Literatures on strategy stress that efficient strategic leadership capabilities are greatly demand within the current competitive business environment (Ireland & Hitt, 2005). Generally, strategic leaders are expected to undertake the management of these resources through setting them into capabilities, establishing the firm to utilize the capabilities and executing a strategy to take advantage of these resources in achieving competitiveness (Sirmon, Hitt, & Ireland, 2007). The research views and addresses three aspects that are key in strategic leadership; human capital development, organizational style of leadership and strategic intent and vision articulation.

2.3.1 Human Capital Development

According to Hitt and Ireland (2002), the criticality of strategic leadership lies in its ability to effectively manage its human and social capital. Hitt, Ireland and Hoskisson (2010) defined human capital as the cumulative knowledge and skills of an organization's complete workforce. Au, Altman and Roussel (2008), categorized human capital into three groups, namely; generic or general, organization-specific and task-specific human capitals. Birasnav, Rangnekar and Dalpati (2011) described social capital that is inherent in the acuteness of individuals' social perceptions and the structure of their social relationships therefore affirming the link between the social and human capital. Social capital is made up of organizational ability to establish relationships, through its human capital, both inside and outside the firm that facilitate the organization in achieving tasks and creating value for its customers and shareholders (Adler & Kwon, 2002).

In today's increasingly competitive business environment, organizations keep evolving ways of ensuring their continued survival and improving organizational performance on a sustained basis. According to Irene (2009), effective Human Resources Management (HRM) provides a means, through which an organization attracts, retain and adequately develop its employees for a sustained growth and increased competitiveness. The researcher also asserted that Human Resources Development (HRD) is a framework for the expansion of human capital within an organization through the development of both the organization and the individual to achieve performance improvement.

A number of HRM literatures point out to several newer approaches towards organizational staff development. Fresh and new skills and knowledge can be passed

through an organization's employees by the use of new technologies and adapting to innovative training methods including PI (programmed instructions), computer and simulated games, role playing and audio-visual tools are more efficient and therefore the same are being extensively applied within current training curriculums (Armstrong, 2010). The utilization of newer methodologies alongside the traditional ones that include mentoring, coaching, lectures and conferences (Aswathappa, 2008) can be utilized by organizations to enhance performance.

2.3.2 Organizational Style of Leadership

The current intensely competitive environment in which most firms operate demand a new style of management so as to ensure their survival and enhanced competitiveness (Masungu et al, 2015). NosheenSarwat et al., 2011) clarified that leadership styles are categorized into three; autocratic style, participative style and laissez-faire style. Under autocratic leader style, the manager arrives at a resolution and describes to his/her team on what is to be done, by who and the expectations. While in participative leadership, the managers involves the subjects in the process of decision making. On the hand, laissez fair leadership style focuses on defining the future of an organization to the subjects without necessarily defining the resolutions arrived at by a manager (Eghdamy, 2013). Similarly, Baas (2006) defined leadership style as either transformational or transactional. According to Baas, both of these styles are required for organizations to attain competitiveness hence improve their performance. Transformational leadership enhances and inspires subjects to attain great outcomes, whereas transactional leadership guide subjects in working towards developing goals through giving them rewards in exchange to their improved productivity (Bass, 2006).

Strategic leadership focuses on enhancing an organization's human capital and intellectual capabilities and it should develop a support system for the organization (Makri, & Scandura, 2010). Marki and Scandura add that strategic leadership therefore encourages the employees to innovate and assess the performance of the employees and their duties in a distinct manner that support the key organizational achievements and develop a business environment that encourages innovation and exploratory research. According to Jansen, Mary and Justin (2009), an organization's style of leadership should focus on developing human capital that develops the required business environment within the firm and increasing organizational knowledge and the innovation of new ideas. A good style of leadership entails four aspects: personal characteristics, properties, thinking and the ability to motivate and affect the ideas upon others.

2.3.3 Strategic Intent and Vision Articulation

With reference to a view by Thompson (2004), strategic intent refers to firm's aggressive goal that describes the specific business position with the intent of becoming a winner in a market place. It can be viewed as a big, hairy, and audacious goal or BHANG that overly may need a long time to attain. A firm's strategic intent may include becoming the recognized sector leader, availing the best customer service or changing a new technology to a capability of transforming the manner in which individuals work and live. Strategic leaders are viewed as agents of transformation through whom success is determined by how efficient they execute an organization's strategic vision and mission through a specific path so as to make the firm gain her objectives (Dess, 2005). Therefore, according to Dess, strategic intent involves the setting of an organization's trajectory where the management is required to have a complete understanding of its stakeholders. This needs the strategic leader to assess the business environment with an

intent of establishing knowledge of all the firm' stakeholders and other business trends and develop this into a vision that the firm could turn out to be (Masungu et al., 2015). It therefore creates the demand of sorting increasingly complex hitches, being proactive and establishing feasible strategic options.

Generally, developing a strategic vision accrues a number of benefits that include definite future direction, a clear set-up for the firm' mission and objectives and establishing employee involvement and commitment (Lynch, 2009). In today's competitive business times, organizational leaders to do more than maintaining a specific train but establish more revolutionary organizational visions (Day, 1994). A firm' strategic intent therefore avails a long-term organizational objective that is ambitious and brings out the organization' unidentified core competencies while drawing from all dimensions of the firm. According to Schilling (2005), strategic intent captures 10 to 20 years into an organization and develops specific milestones for the organization staff to work toward. This forward orientation is important because without it firms can fast target markets they have been involved in. Basically, strategic intent provides the characterization of what the firm needs to become and develops and maintains strategic leadership through assisting stakeholders comprehend what is required to be done (Pearce and Robinson, 2005).

2.4 Strategic Leadership and Organizational Competitiveness

The abilities of a firm's leaders to efficiently inspire critical organizational transformations in business phenomena that include processes, products and/or services are important since resolutions by the leaders bear a huge impact on the performances of firms and general business successes (Guimaraes, Brandon & Guimaraes, 2010). Consequently, organizational competitiveness is the greatest crucial aspect that determines the ultimate performance recorded by a firm (Cristian-Liviu, 2013) and

strategic leadership is hugely viewed among the important aspects that enhance competitiveness of a firm over a long period of time. Barney and Hesterly (2008) asserted that there exists two categories of an organization' competitiveness: temporary and sustainable competitiveness. They further clarify that organizational competitiveness typically results in increased business profits, however, these profits intensify competition with the competition further limiting the duration of the competitiveness hence most competitiveness attained by organizations turn to be temporary. Similarly, competitiveness may be sustainable if the competitors are not able to duplicate the sources that result to the advantage or if no one competitor develops a better offering.

Strategic leadership has therefore has an impact on an organization' competitiveness hence long-term performance. This is as a result of strategic leaders playing a role in stirring employees towards working efficiently through uncertain and turbulent business environments through developing a vision and pathway that enhances firms' staff resolve to evolve and innovate. Ireland and Hitt (2005) confirmed that when strategic leadership aspects are fulfilled successfully, the organization' strategic leadership activities can turn out to be a source of competitiveness. Additionally, strategic leadership within a firm that allows for the developing of its capabilities has also the capability of sustaining its competitiveness. A number of firms have tried to attain and sustain competitiveness through taking advantage of resources and capabilities in line with the resource-based view (Omar & Mahmoud, 2014). Most strategic leaderships perceive that investing in both human and social capital may enhance their firm' competitiveness and allow them sustain the same (Ireland & Hitt, 2005).

2.5 Summary of Literature Review and Knowledge Gap

The global economy is currently experiencing major and fast changes that impact further impact the degree of competition in various sectors and industries globally. This has also give rise to the demand of new styles of leadership so as to ensure their survival and enhanced competitiveness (Masungo et al, 2015). Human and social capitals can be avenues through which organizations attain and sustain competitiveness (Omar & Mahmoud, 2014). Competitiveness and sustainability thereof no longer depends on the organization' assets but its effectiveness to manage intellectual capital resource (Halawi et al., 2005). The banking environment today require that organizational leaders are to have the right leadership style, more specifically strategic leadership, to guide their organizations in attaining competitiveness and great profitability and financial performance (Cherian & Farouq, 2013). Generally, organizational success and competitiveness is majorly determined by the leadership strategy employed (Draft, 2011). Strategic leadership encapsulates aspects such as Human Capital Development (Birasnav et al., 2011), Organizational Style of Leadership (Makri, & Scandura, 2010) and Strategic Intent and Vision Articulation (Lynch, 2009).

Table 2.1: Literature Review and Knowledge Gap

| Author | Area of Study | Findings | Knowledge Gap |
|---------------|---|--|--|
| Wendy (2012) | Relationship between strategic leadership and strategic alignment in high-performing companies. | The study established that strategic leadership positively impacts organizational strategic alignment that also affects the company' | The researcher however did not to measure strategic leadership against organizational competitiveness and further limited the study to only firms in |

| | | | |
|-----------------------|--|---|---|
| | | performance. | South Africa. |
| Katee (2013) | Effect of strategic leadership on the performance of commercial and financial state corporations in Kenya. | The research concluded that strategic leadership aspects such as organizational culture, ethical practices and organizational controls positively influence a firm' performance | This research was however conducted on state corporations hence the findings may not necessarily be applicable in the banking sector. |
| Jeffrey et al. (2014) | Key capabilities for strategic leaders in commercial banking sector to maximize competitive advantage. | The research established that strategic leadership impacts competitive advantage within the banking sector. | These researchers limited their study to commercial banks in Lao hence the findings may not reflect the state in Kenyan banks |
| Abba (2016) | Impact of strategic leadership on strategy implementation at the Kenya commercial bank | The study found out that informed decision making as an aspect of strategic leadership influence strategy implementation within the banks. | However, the study failed to link strategic leadership to the competitiveness of the banking institutions |

Source: Researcher (2017)

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This section summarises the research methodology to be undertaken during the study. It covers research design, population, sampling techniques, data collection instruments and procedures, data processing and analysis.

3.2 Research Design

Thornhill et. al (2003) opined that a study design needs to take into account the data sources and the study limitations that include time, finances, ethical issues and accessibility of data. In this study, the researcher utilized a descriptive survey research design which according to an argument by Kothari (2005), it entails the identification of the possible sample of respondents while utilizing data collection items such as questionnaires and/or interviews to collect information needed to measure the study objectives. Katee (2013) also adopted this research design in her study.

3.3 Census

The study employed a census method in order to collect data from the study' respondents. The researcher therefore censused all the 40 commercial banks currently operational and not under statutory as at December 2015; three banks that were put under statutory management by 31st December 2015 will be dropped from the target population due to ethical issues. Two respondents that include the head of department and line manager from the strategic or planning departments of each of the banks were selected as respondents. The study therefore had a total of 80 respondents. These category of respondents were viewed to have the knowledge and experience which assisted in collecting precise information on strategic leadership and competitiveness of the Kenyan banking institutions

3.4 Data Collection

This research adopted both quantitative and qualitative approaches in obtaining both primary and secondary data through deploying semi-structured questionnaires which contained both open-ended and closed-ended questions. The questionnaires were used to collect primary data and issued to each of the 2 sampled managers from the various departments and banking institutions' headquarters, who were required to fill and return the data instruments within three days. This reduced the percentage of misplaced questionnaires hence improving the response rate. The researcher also used the services of two research assistants in issuing and collecting the questionnaires.

3.5 Data Analysis

The quantitative data was analyzed using SPSS. The questionnaires were first cross-checked to ensure completion in filling before coding the findings for analysis. Descriptive analysis was used to establish the characteristic set-up of the sample under study and also summarize the findings on the explanatory variables. The type of association between the predictor and the independent variables were also established through correlation and regression analyses; ANOVA test was conducted in order to ascertain the strength of the relationship between these variables. The findings of study were summarized in tables, pie charts and graphs.

A simple multiple regression model shown below was adopted in this research;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Where; Y – Competitiveness of the financial institutions

β_0 – Constant;

β_i (i = 1,2,3,4) - Regression Coefficients;

X_1 - Human capital development;

X_2 – Organizational style of leadership;

X_3 - Strategic intent and vision articulation

ε - Error term

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

The main goal of this study was to establish the effect of strategic leadership on the competitiveness of commercial banks in Kenya. The study measured three variables; human capital development, organizational style of leadership and strategic intent and vision articulation. This section therefore presents the detailed findings and discussions on the analysis conducted. The findings were presented in pie charts and frequency tables while the analyzed data was summarized using frequencies, mean and standard deviations.

4.2 Response Rate

A total of 80 questionnaires were issued by the researcher to two respondents; head of department and line manager from the strategic or planning departments of 40 banking institutions. 74 questionnaires were returned by the respondents depicting a response rate of 92.5%. After being checked for completion in filling, 2 questionnaires were left out since they were not duly completed hence not utilizable in analysis.

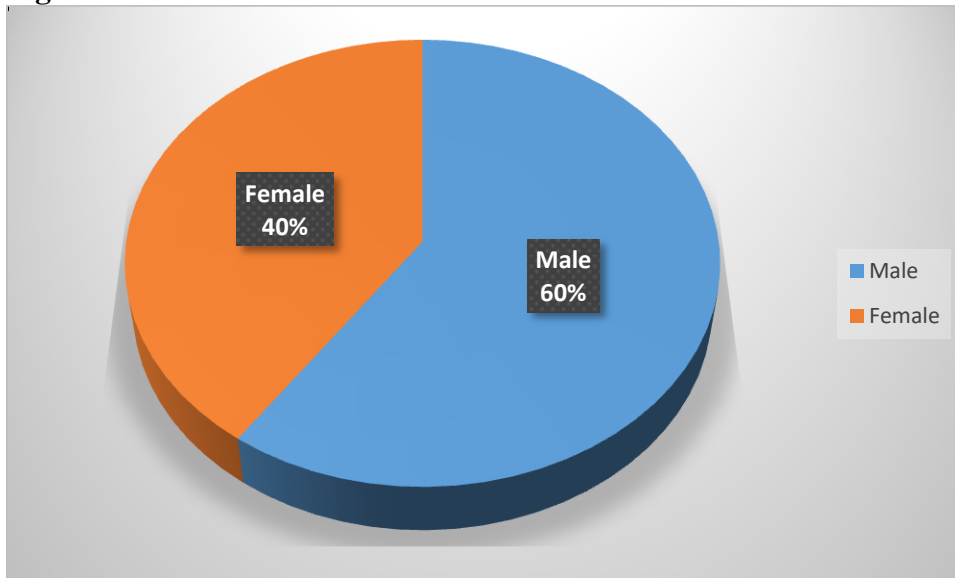
4.3 Background Information

The researcher sought to establish both the demographic and organizational information of the respondents and the organization respectively. The results were summarized in sections 4.3.1 to 4.3.3.

4.3.1 Gender of the Respondent

Figure 4.1 presents findings on the gender of the respondents. The results depict that 60% of the respondents representing 43 employees were male with only 40% (29) of the total respondents being female. This further implies that the sector' management is male dominated.

Figure 4.1: Gender



Source: Field Data (2017)

4.3.2 Employee Level of Education and Experience

The researcher sought to determine the level of education of the respondents and the number of years the respondents have within the sector. The findings in table 4.1 reveal that none of the respondents had either a certificate or diploma qualification while most (43, 59.7%) of the respondents had attained a master degree. 26 (36.1%) respondents had attained a university degree while only 3 (4.2%) had a PhD. On the number of years the respondents had worked for the sector, the findings reveal that only 16.7% (12) and 8.3% (6) of the respondents had a cumulative experience of working in the banking industry of more than 20 years and less than 5 years respectively. Besides, most (75.0%, 54) of the respondents had attained an experience of between 6 to 20 years. These findings depict that the sector is keen on the management' education level and experience while also it enhances the reliability and precision of the responses obtained since most of the respondents were well qualified in their respective fields.

Table 4.1: Employee Level of Education and Experience

| Aspect | Frequency | Percentage (%) |
|--------------------------|-----------|----------------|
| Length of Service | | |
| < 1year | 1 | 1.4 |
| 1 – 5years | 5 | 6.9 |
| 6 – 10years | 23 | 31.9 |
| 11 – 20years | 31 | 43.1 |
| > 20years | 12 | 16.7 |
| Total | 72 | 100.0 |
| Department | | |
| Certificate | - | 0.0 |
| Diploma | - | 0.0 |
| Degree | 30 | 41.7 |
| Master | 38 | 52.8 |
| PhD | 4 | 5.5 |
| Total | 72 | 100.0 |

Source: Field Data (2017)

4.3.3 Adoption of Strategic Leadership

The study also managed to collect and analyze data on adoption of strategic leadership and its effectiveness thereof. The results revealed that the organizations have adopted strategic leadership as depicted by the frequency of 72 (100.0%). More than one-half (59, 81.9%) of the respondents indicated that the adoption of the strategic leadership was either effective or very effective, 6 (8.3%) were not sure of the effectiveness of the adopted leadership strategies, 7 (9.7%) indicated that the leadership strategies were ineffective while none asserted that the leadership strategies were very ineffective.

Table 4.2: Adoption of Strategic Plan

| Aspect | Frequency | Percentage (%) |
|--|------------------|-----------------------|
| Adoption of Strategic Leadership | | |
| Yes | 72 | 100.0 |
| No | - | 0.0 |
| Total | 72 | 100.0 |
| Effectiveness of Strategic Leadership | | |
| Very Effective | 28 | 38.9 |
| Effective | 31 | 43.1 |
| Not Sure | 6 | 8.3 |
| Ineffective | 7 | 9.7 |
| Very Ineffective | - | 0.0 |
| Total | 72 | 100.0 |

Source: Field Data (2017)

4.4 Strategic Leadership

The researcher sought to identify how the three strategic leadership variables (human capital development, organizational style of leadership and strategic intent and vision articulation) associate with competitiveness. The results of these findings were summarized in tables 4.3 to 4.8 below.

4.4.1 Human Capital Development

The respondents were required to give their feedback on the relationship between human capital development and organizational competitiveness. The results were summarized and presented in table 4.3. The responses were to be given in the scale of; 1=Strongly Agree, 2=Agree, 3=Not sure, 4=Disagree, 5=Strongly Disagree.

From the findings, the mean of 1.81 and the standard deviation of .316 depict that the competitiveness of an organization lies in its ability to effectively manage its human and social capital while the mean of 1.42 and standard deviation of .228 reveal that human capital development within an organization impact individuals to achieve performance improvement. The respondents also confirmed that current human capital development strategies impact organizational competitiveness more than traditional strategies while effective human capital development stirs employees towards working efficiently through uncertain and turbulent business environments. These were depicted by the mean of 2.43 (.487) and 2.07 (.399). The study also established that the respondents were indifferent as to whether social capital hugely relate to human capital in their impact on organizational competitiveness (2.85, .617) and if an organization' strategic leaders need to be conversant with the firm' social capital within and outside the organization in order to enhance competitiveness (3.27, .529).

Table 4.3: Human Capital Development

| | N | Min | Max | Mean | Std. Dev. |
|--|----|-----|-----|------|-----------|
| The competitiveness of an organization lies in its ability to effectively manage its human and social capital. | 72 | 1 | 3 | 1.81 | .316 |
| Social capital hugely relate to human capital in their impact on organizational competitiveness. | 72 | 1 | 5 | 2.85 | .617 |
| To enhance competitiveness, organization' strategic leaders need to be conversant with the firm' social capital within and outside the organization. | 72 | 2 | 5 | 3.27 | .529 |
| Human capital development within an organization impact individuals to achieve performance improvement | 72 | 1 | 3 | 1.42 | .228 |
| Current human capital development strategies impact organizational competitiveness more than traditional strategies. | 72 | 1 | 4 | 2.43 | .487 |
| Effective human capital development stirs employees towards working efficiently through uncertain and turbulent business environments. | 72 | 1 | 4 | 2.07 | .399 |
| Valid N (listwise) | 72 | | | | |

Source: Field Data (2017)

4.4.1.1 Methods of Human Capital Development

The study sought to determine the methods employed by the organizations in developing human capital. The findings as summarised in table 4.4 below reveal that mentoring, coaching and lectures and conferences were the most applied methodologies in

developing human capital within the banking institutions. These three strategies recorded a frequency of 72 (100.0%) respondents confirming their usage. The second most category of strategy employed by the organizations was role playing and audio-visual tools which had a total of 43 (59.7%) respondents confirming their application in their organizations as only 10 (13.9%) respondents asserted that their organizations use computer programmed instructions in developing their employees.

Table 4.4: Methods of Human Capital Development

| Type of strategy | Yes | | No | |
|-------------------------------------|-------|-------|-------|------|
| | Freq. | % | Freq. | % |
| Computer programmed instructions | 10 | 13.9 | 62 | 86.1 |
| Role playing and audio-visual tools | 43 | 59.7 | 29 | 40.3 |
| Mentoring | 72 | 100.0 | - | 0.0 |
| Coaching | 72 | 100.0 | - | 0.0 |
| Lectures and conferences | 72 | 100.0 | - | 0.0 |

Source: Field Data (2017)

4.4.2 Leadership Style

The findings on the effect of style of leadership adopted on organizational competitiveness were summarized and presented in table 4.5. The responses were to be provided in the likert scale of; 1=Strongly Agree, 2=Agree, 3=Not sure, 4=Disagree, 5=Strongly Disagree. The results depict that respondents agree that the organizations consider the importance of adopting an effective leadership style in enhancing its competitiveness (2.48, .443) and that the competitiveness of the banks', to a good degree, can be attributed to the effective organizational leadership style adopted (1.97, .311). The results also strongly confirmed that effective strategic leadership style encapsulates managers within all levels of management of the firm (1.32, .217) and that good

leadership style facilitate the organization in attaining competitiveness through improving employee levels of commitment (1.19, .118). The findings were however not conclusive as to whether shaping a firm' leadership style to its unpredictable business environment improves its effectiveness hence the firm' competitiveness and if a democratic style of leadership results to a higher degree of competitiveness as compared to a bureaucratic style. These were depicted by the mean of 3.43 (.600) and 3.03 (.467). The respondents also disagreed that inefficient organizational leadership style is among the key hindrances to organizations improving their competitiveness (3.78, .539)

Table 4.5: Leadership Style

| | N | Min | Max | Mean | Std. Dev. |
|--|----|-----|-----|------|-----------|
| The organization considers the importance of adopting an effective leadership style in enhancing its competitiveness. | 72 | 1 | 4 | 2.48 | .443 |
| The bank' competitiveness and performance is to a good degree attributed to the effective organizational leadership style adopted. | 72 | 1 | 3 | 1.97 | .311 |
| Inefficient organizational leadership style is among the key hindrances to organizations improving their competitiveness. | 72 | 2 | 5 | 3.78 | .539 |
| Effective strategic leadership style encapsulates managers within all levels of management of the firm. | 72 | 1 | 3 | 1.32 | .217 |
| Shaping a firm' leadership style to its unpredictable business environment improves its effectiveness hence the firm' competitiveness. | 72 | 1 | 5 | 3.43 | .600 |
| A democratic style of leadership results to a higher degree of competitiveness as compared to a bureaucratic style. | 72 | 1 | 4 | 3.03 | .467 |
| Good leadership style facilitate the organization in attaining competitiveness through improving employee levels of commitment. | 72 | 1 | 3 | 1.19 | .118 |
| Valid N (listwise) | 72 | | | | |

Source: Field Data (2017)

4.4.2.1 Impact of Leadership Style

The researcher sought to determine the extent of impact of the adopted leadership style on a number of organizational phenomena. The respondents were expected to give their feedback on the following likert scale; 1= Very Great Extent, 2 = Great Extent, 3 = Not Sure, 4 = Moderate Extent, 5 = Not at All. From the results, the respondents agreed that the adopted leadership style to a great extent impacts the increase of organizational productivity (1.55, .538), satisfaction of employee (2.43, .499) and achievement of organizational goals (2.36, .229). It was also evident that the respondents were not sure of the extent of impact of leadership style on reducing staff turn-over rates (2.81, .447) and enhancing employee creativity (3.04, .557).

Table 4.6: Impact of Leadership Style

| | N | Min | Max | Mean | Std. Dev. |
|---------------------------------------|----|-----|-----|------|-----------|
| Reduced staff turn-over rates | 72 | 1 | 4 | 2.81 | .447 |
| Increased organizational productivity | 72 | 1 | 3 | 1.55 | .538 |
| Satisfaction of employee | 72 | 1 | 4 | 2.43 | .499 |
| Enhanced employee creativity | 72 | 1 | 4 | 3.04 | .557 |
| Achievement of organizational goals | 72 | 1 | 3 | 2.36 | .229 |
| Valid N (listwise) | 72 | | | | |

Source: Field Data (2017)

4.4.3 Strategic Intent and Vision Articulation

The study established the various aspects that the organizations have set up as their strategic intents. The findings were summarized in table 4.7 below. The results revealed that all the organizations have a strategic intent of becoming the recognized sector leader (72, 100.0%) and availing the best customer service (72, 100.0%). On the other hand, 64

(88.9%) of the respondents confirmed that their organizations have a strategic intent of changing a new technology to a capability that is transformative.

Table 4.7: Aspects of Strategic Intent

| Strategic intent | Yes | | No | |
|---|-------|-------|-------|------|
| | Freq. | % | Freq. | % |
| Becoming the recognized sector leader | 72 | 100.0 | - | 0.0 |
| Availing the best customer service | 72 | 100.0 | - | 0.0 |
| Changing a new technology to a capability that is transformative. | 64 | 88.9 | 8 | 11.1 |

Source: Field Data (2017)

4.4.3.1 Aspects of Strategic Intent and Vision Articulation

The respondents were requested to give their opinions on a number of aspects relating to strategic intent and vision articulation and how likely they impact the competitiveness of the organizations. The findings as shown in table 4.8 below depict that the firm' aggressiveness of becoming a winner in a market place and efficient execution of an organization' strategic vision and mission are very likely to impact the organizations' competitiveness as indicated in the mean of 1.43 (.521) and 1.39 (.223) respectively. In addition, the respondents confirmed that clearly defining the path followed by the organization in executing its vision and intent strategic leadership assessment of the organization' business environment are likely to impact competitiveness. The respondents were uncertain on the likelihood of complete understanding of a firm' stakeholders, establishing more revolutionary organizational visions and developing specific milestones for the organization' staff to work toward impact competitiveness. These findings were as indicated by the mean of 3.34 (.434), 3.35 (.421) and 2.93 (.507). On the other hand, the mean of 3.68 and standards deviation of .584 reveal that assisting

stakeholders comprehend what is required to be done is unlikely to impact competitiveness of the firms.

Table 4.8: Aspects of Strategic Intent and Vision Articulation

| | N | Min | Max | Mean | Std. Dev. |
|---|----|-----|-----|------|-----------|
| The firm' aggressiveness of becoming a winner in a market place. | 72 | 1 | 3 | 1.43 | .521 |
| Efficient execution of an organization' strategic vision and mission. | 72 | 1 | 3 | 1.39 | .223 |
| Clearly defining the path followed by the organization in executing its vision. | 72 | 1 | 3 | 2.03 | .319 |
| Complete understanding of a firm' stakeholders. | 72 | 1 | 4 | 3.34 | .434 |
| Intent strategic leadership assessment of the organization' business environment. | 72 | 1 | 3 | 2.11 | .378 |
| Establishing more revolutionary organizational visions. | 72 | 1 | 4 | 3.35 | .421 |
| Developing specific milestones for the organization' staff to work toward. | 72 | 1 | 4 | 2.93 | .507 |
| Assisting stakeholders comprehend what is required to be done. | 72 | 1 | 5 | 3.68 | .584 |
| Valid N (listwise) | 72 | | | | |

Source: Field Data (2017)

4.5 Organizational Competitiveness

The findings on the relationship between strategic leadership and organizational competitiveness were summarized and presented in table 4.9 below. From the results, the mean 1.09 and standard deviation of .107 depict that respondents strongly agree that strategic leadership is fundamental to the performance and success of the organizations.

Similarly, the mean of 1.41 and standard deviation of .176 strongly depicts that effective strategic leadership improves a firm' market share while the mean of 2.13 (.209) and 2.47 (.315) reveal that effective strategic leadership increases business profits and organizational competitiveness may be sustainable if the competitors are not able to duplicate the sources respectively. However that mean of 3.24 (.428) reveals that the respondents were indifferent as to whether the organizations had managed to attain and sustain competitiveness.

Table 4.9: Organizational Competitiveness

| | N | Min | Max | Mean | Std. Dev. |
|---|----|-----|-----|------|-----------|
| Strategic leadership is fundamental to the performance and success of the organizations. | 72 | 1 | 2 | 1.09 | .107 |
| Effective strategic leadership improves a firm' market share. | 72 | 1 | 3 | 1.41 | .176 |
| Effective strategic leadership increases business profits. | 72 | 1 | 3 | 2.13 | .209 |
| The organization has managed to attain and sustain competitiveness. | 72 | 1 | 4 | 3.24 | .428 |
| Organizational competitiveness may be sustainable if the competitors are not able to duplicate the sources. | 72 | 1 | 3 | 2.47 | .315 |
| Valid N (listwise) | 72 | | | | |

Source: Field Data (2017)

4.6 Inferential Analysis

The researcher sought to establish the nature and type of relationship between competitiveness and the independent variables (human capital development, leadership

style and strategic intent and vision articulation). Both correlation and regression analyses were carried out.

4.6.1 Correlation Analysis

The findings on the correlation between the variables reveal a positive relationship between the independent variables with the strongest relationship being between human capital development and leadership style ($r = 0.435$). On the other hand, all the independent variables (human capital development, leadership style and strategic intent and vision articulation) had positive association with the independent variable (competitiveness). This depicts that any improvement in one of the predictors variable results to an improvement in the competitiveness of the banks. The correlation between human capital development and competitiveness was strongest amongst the correlation values between the dependent and independent variables with an r value of 0.773, followed by the correlation between leadership style and competitiveness ($r = 0.711$) and lastly the correlation between strategic intent and vision articulation and competitiveness ($r = .601$). This therefore further depicts that human capital development was the most important variable in banks while seeking to enhance competitiveness through strategic leadership.

Table 4.10 Correlational Analysis

| | Human Capital Development | Leadership style | Strategic Intent | Competitiveness |
|------------------------------|------------------------------|------------------|------------------|-----------------|
| Human Capital Development | 1 | | | |
| Leadership Style | 0.435 | 1 | | |

| | | | | |
|------------------|-------|-------|-------|---|
| Strategic Intent | 0.397 | 0.414 | 1 | |
| Competitiveness | 0.773 | 0.711 | 0.601 | 1 |

Source: Field Data (2017)

4.6.2 Regression Analysis

To establish the overall effect of human capital development, leadership style and strategic intent and vision articulation on competitiveness, a multiple regression analysis was conducted. The results were as summarised in tables 4.11 and 4.12 below. From the findings in table 4.1, the percentage variation (coefficient-of-determination) in the dependent variable (competitiveness) that can be explained by the changes in the predictor variables R^2 equals .461, which implies that human capital development, leadership style and strategic intent and vision articulation explain up to 46.1% of change in competitiveness. The significance value of 0.001 (< 0.05) depicts that the cumulative effect of the independent variables is statistically significant.

Table 4.11: Regression Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Sig. |
|-------|--------|----------|-------------------|----------------------------|-------|
| 1 | .679.a | .461 | .455 | .547 | 0.001 |

a. Predictors: human capital development, leadership style, strategic intent and vision articulation

Source: Field data (2017)

Table 4.12 presents the findings on the multiple regression analysis. From the results, the constant value of 1.146 depicts that if all the independent variables were set at zero, competitiveness would record a value of 1.146. The findings further reveal that the regression co-efficient for human capital development, leadership style and strategic

intent and vision articulation is .398, .274 and .186 respectively. From the table the regression model for the study is generated as:

$$Y = 1.146 + 0.398X_1 + 0.274X_2 + 0.186X_3 + \varepsilon$$

Table 4.12: Regression Coefficients

| Model | | Unstandardized | | Standardized | | |
|-------|---------------------------|----------------|------------|--------------|-------|------|
| | | B | Std. Error | Beta | T | Sig. |
| 1 | (Constant) | 1.146 | .346 | | 1.442 | .001 |
| | Human capital development | .398 | .046 | .342 | .974 | .001 |
| | Leadership style | .274 | .059 | .176 | 1.212 | .001 |
| | Strategic Intent | .186 | .066 | .103 | 1.364 | .000 |

Dependent Variable: Competitiveness

4.7 Discussion

The study established that the banking institution in the country have adopted strategic leadership with most of the institutions indicating that the adoption of strategic leadership was either effective or very effective. In relation to human capital development as an aspect of strategic leadership and in line with an opinion by Irene (2009), the research found that the competitiveness of an organization lies in its ability to effectively manage its human and social capital which impacts individuals towards achieving performance

improvement. The study also established that current human capital development strategies impact organizational competitiveness more than traditional strategies while effective human capital development stirs employees towards working efficiently through uncertain and turbulent business environments. This argument was also asserted by Hitt and Ireland (2002). The findings were however inconclusive as to whether social capital hugely relate to human capital in their impact on organizational competitiveness and if an organization' strategic leaders need to be conversant with the firm' social capital within and outside the organization so as to enhance competitiveness. Mentoring, coaching and lectures and conferences were the most applied methodologies in developing human capital within the banking institutions while role playing and use of computer programmed instructions being not so widely utilised.

The results depict that the organizations consider the importance of adopting an effective leadership style in enhancing its competitiveness and to a good degree, the competitiveness of the banks can be attributed to the effective organizational leadership style adopted. It was also evident that effective strategic leadership style encapsulates managers within all levels of management of the firm while good leadership style facilitate the organization in attaining competitiveness through improving employee levels of commitment. Mary and Justin (2009) reiterated this argument. The findings were however not clear as to whether shaping a firm' leadership style to its unpredictable business environment improves its effectiveness hence the firm' competitiveness and if a democratic style of leadership results to a higher degree of competitiveness as compared to a bureaucratic style. On the other hand, it was established that inefficient organizational leadership style is not among the key hindrances to organizations

improving their competitiveness. The findings also depicted that the adopted leadership style to a great extent impacts the increase of organizational productivity, satisfaction of employee and achievement of organizational goals. The extent of impact of strategic leadership reducing staff turn-over rates and enhancing employee creativity was however not conclusive.

The research revealed that all the organizations have a strategic intent of becoming the recognized sector leader and availing the best customer service while an equally large number seek to change a new technology to a capability that is transformative. The findings also indicated that a firm' aggressiveness of becoming a winner in a market place, efficient execution of an organization' strategic vision and mission, clearly defining the path followed by the organization in executing its vision and adopting an intent strategic leadership assessment of the organization' business environment are likely to impact competitiveness. On the other hand, it was not conclusive as to whether complete understanding of a firm' stakeholders, establishing more revolutionary organizational visions and developing specific milestones for the organization' staff to work toward is likely to impact competitiveness. Besides, the respondents revealed that assisting stakeholders comprehend what is required to be done is unlikely to impact competitiveness of the firms.

The findings on organizational competitiveness depict that strategic leadership is fundamental to the performance and success of the organizations as it improves a firm' market share and increases business profits. However, the findings indicated that competitiveness may be sustainable if the competitors are not able to duplicate the sources

while there was indifference as to whether the organizations had managed to attain and sustain competitiveness. In general, the study established that human capital development and the adopted leadership style strongly and positively impact competitiveness while strategic intent and vision articulation mildly but positively influences competitiveness. Besides, the variables significantly explain up to 46.1% of change in competitiveness of the organisations.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The study sought to determine the effect of strategic leadership on competitiveness of commercial banks in Kenya. In this section, the summary of findings from the preceding chapter, conclusions and recommendations are presented. The chapter also addresses implication of the study on policy, theory and practice, limitations of the study and suggestions for future studies.

5.2 Summary of Findings

The results depicted that most of the employees within the management of the organisations hence implying that the sector' management is male dominated. The findings also revealed that none of the managers had either a certificate or diploma qualification while most had attained a master degree. On the other hand, most of the respondents had attained an experience of between 6 to 20 years within the banking sector. This further asserts that the sector is keen on the management' education level and experience while also it enhances the reliability and precision of the responses obtained since most of the respondents were well qualified in their respective fields.

It was evident in the study that the banking institution in the country have adopted effective leadership strategies that have improved organisational market share and increased business profits. It was revealed that the institutions mostly utilise mentoring, coaching and lectures and conferences in developing human capital while role playing and use of computer programmed instructions were not so widely utilised. The results depicted that effective strategic leadership style encapsulates managers within all levels of management of the firm. However inefficient organizational leadership was identified

as not being among the key hindrances to organizations improving their competitiveness. The results further depicted that the leadership style adopted by an institution greatly impacts organizational productivity, satisfaction of employee and achievement of organizational goals. It was however unclear on the degree of impact of strategic leadership in reducing staff turn-over rates and enhancing employee creativity.

The research indicated that the organizations have a strategic intent of becoming the recognized sector leader, availing the best customer service and changing a new technology to a capability that is transformative. The findings on organizational competitiveness depict that a firm's aggressiveness of becoming a winner in a market place, efficient execution of an organization's strategic vision and mission, clearly defining the path followed by the organization in executing its vision and adopting an intent strategic leadership assessment of the organization's business environment are likely to impact competitiveness. The researcher also found out that the competitiveness of the organizations lie in their ability to effectively manage both human and social capital through improved individual performance with current human capital development strategies being of greater impact than traditional strategies. Generally, all the independent variables; human capital development, leadership style and strategic intent and vision articulation, positively correlate with competitiveness and significantly explain up to 46.1% of change in competitiveness.

5.3 Conclusion

The researcher concluded that the three strategic leadership aspects measured in the study; human capital development, organizational style of leadership and organizational strategic intent and vision articulation positively impact competitiveness in the banking

sector. Human capital development has the greatest influence followed by the style of leadership and lastly the strategic intent and vision articulation within an organization. Strategic leadership impact competitiveness through improved profitability, enhanced productivity and increased market share.

Most of the institutions have adopted leadership strategies which are generally effective. The study also concludes that effective human capital development stirs employees towards working efficiently while the current human capital development strategies impact organizational competitiveness more than traditional strategies. The study further concludes that lectures and conferences, mentoring, coaching, role playing and use of computer programmed instructions are utilised in the organizations in developing their human capital.

The research concluded that the organizational adopted leadership style greatly impacts competitiveness through increased organizational productivity, satisfaction of employee and achievement of organizational goals. Besides, inefficient organizational leadership style was determined as not being among the key hindrances to the organizations improving their competitiveness. The study also concludes that the sector' strategic intent entails becoming the recognized sector leader, availing the best customer service and changing a new technology to a capability that is transformative.

5.4 Recommendation of the Study

From the findings of the study, the researcher made a number of recommendations in relation to policy, theory and practice.

5.4.1 Implication on Policy

The banking sector is a key industry that is coupled with a number of benefits such as mobilization and allocation savings, facilitation of trade, diversification of risk, provision of credit to the private sector and also acting as a source of employment to thousands of Kenyans. This study provides policyholders with the necessary information to facilitate the development of regulations and policies in the management of the banking sector.

The study further recommends that the policy makers within the banking institutions should continually seek to develop and ensure the adoption of leadership strategies such as human capital development, effective leadership style and strategic intent and vision articulation while seeking to enhance their competitiveness. Current human capital development strategies should also be deployed more than traditional strategies.

5.4.2 Implication on Theory

The research enhances the knowledge on influence of strategic leadership on competitiveness of commercial banks in Kenya with a keen look at three strategic leadership aspects; human capital development, style of leadership and strategic intent and vision articulation. The study recommends that the three aspects should be well managed within the organisations for cumulatively, they greatly impact competitiveness.

Knowledge on two specific theories addressed in this study (TQM theory and trait theory) that relate to strategic leadership is also improved. The study also aids further research on the concept of strategic leadership and organizational competitiveness by providing a reference platform for other researchers.

5.4.3 Implication on Practice

The results provide organizational leaders and various level decision makers with relevant information that further facilitates them understand and implement strategies on leadership so as to contribute towards the institutions being competitive. For instance, in order to attain effectiveness in strategic leadership styles all the managers within all levels of management of the firm should be involved.

The researcher further recommends that the individual institutions should be aggressive in seeking to become winners in the market place, efficiently execute their strategic vision and mission, clearly define the path followed by the organization in executing its vision and adopt an intent strategic leadership assessment of the organization' business environment, as these aspects are likely to impact their competitiveness. The organizations should also enhance their ability to effectively manage their human and social capital which impacts individuals towards achieving performance improvement.

5.5 Limitation of the Study

With the commercial banks staff being extremely busy, nearly at all times, the study encountered a limitation on having them fill the questionnaires and hand them in for analysis. This was however addressed by availing the research instruments in time to the respondents and allowing them a few days to fill before being collected. The study was also faced with the limitation of inadequate resources, both financial and time. The researcher managed to address these by engaging three research assistants who willingly and on friendly basis offered themselves to assist in data collection. Additional support from well-wisher also came in handy.

Strategic leadership is a key aspect in all organizations but the study was limited to only the banking sector in the country. Only respondents that included the head of department and line manager from the strategic or planning departments were targeted. The researcher further limited the selection of the respondents to the institutions' headquarters. In addition, the research only assessed three key aspects of strategic leadership, namely human capital development, strategic intent and vision articulation and style of leadership. Besides, the study selected respondents from only the strategic or planning departments.

5.6 Suggestions for Further Studies

The study was limited to establishing the effect of strategic leadership on competitiveness of commercial banks in Kenya. Additional research can therefore be conducted on other sectors of the economy while measuring the strategic leadership aspects addressed in this study or other phenomena including effectiveness of the adopted leadership strategies, ethical issues and resource management.

With inconclusive findings on a number of aspects relating to strategic leadership, the researcher therefore suggested that studies addressing the effect of management of social capital, engagement of a firm' stakeholders and adoption of revolutionary organizational visions on competitiveness can also be conducted so as to obtain a holistic argument on the impact of strategic leadership on competitiveness.

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APPENDICIES

Appendix 1: Questionnaire

Number: **Date:**

INSTRUCTIONS

Please tick appropriately and also kindly provide answers in the blank spaces provided.
Your responses will be treated with the highest degree of confidentiality

PART 1: BACKGROUND INFORMATION

1. Gender Male [] Female []
2. What is your highest level of education? Certificate [] Diploma [] Degree []
Masters [] PhD [] Other (Specify).....
3. How long have you worked in the banking sector? < 1 year [] 1 – 5 years []
6 -10 years [] 11 – 20 years [] > 20years []
4. Has your organization adopted strategic leadership? Yes [] No []
If yes, how effective has it been? Very effective [] Effective [] Not sure []
Ineffective [] Very ineffective []

PART 2: STRATEGIC LEADERSHIP

5. The following statements associate organizational human capital development as an aspect of strategic leadership to its competitiveness. Please indicate your opinion in the given scale [1=Strongly Agree, 2=Agree, 3=Not sure, 4=Disagree, 5=Strongly Disagree].

| Statement | 1 | 2 | 3 | 4 | 5 |
|--|---|---|---|---|---|
| The competitiveness of an organization lies in its ability to effectively manage its human and social capital. | | | | | |
| Social capital hugely relate to human capital in their impact on organizational competitiveness. | | | | | |
| To enhance competitiveness, organization’ strategic leaders need to be conversant with the firm’ social capital within | | | | | |

| | | | | | |
|--|--|--|--|--|--|
| and outside the organization. | | | | | |
| Human capital development within an organization impact individuals to achieve performance improvement | | | | | |
| Effective human capital development strategies should be based on the competitive of the firm' business environment. | | | | | |
| Current human capital development strategies impact organizational competitiveness more than traditional strategies. | | | | | |
| Effective human capital development stirs employees towards working efficiently through uncertain and turbulent business environments. | | | | | |

6. Below are some of the strategies that organizations employ in developing their human capital. Please indicate the strategy employed by your organization.

- i. Computer programmed instructions Yes [] No []
- ii. Role playing and audio-visual tools Yes [] No []
- iii. Mentoring Yes [] No []
- iv. Coaching Yes [] No []
- v. Lectures and conferences Yes [] No []

7. The statements below connect to the adopted style of leadership in your organization and its impact on its competitiveness. Please indicate your opinion in the given scale [1=Strongly Agree, 2=Agree, 3=Not sure, 4=Disagree, 5=Strongly Disagree].

| Statement | 1 | 2 | 3 | 4 | 5 |
|--|----------|----------|----------|----------|----------|
| The organization considers the importance of adopting an effective leadership style in enhancing its competitiveness. | | | | | |
| The bank' competitiveness and performance is to a good degree attributed to the effective organizational leadership style adopted. | | | | | |
| In efficient organizational leadership style is among the key hindrances to organizations improving their competitiveness. | | | | | |

| | | | | | |
|--|--|--|--|--|--|
| Effective strategic leadership style encapsulates managers within all levels of management of the firm. | | | | | |
| Shaping a firm' leadership style to its unpredictable business environment improves its effectiveness hence the firm' competitiveness. | | | | | |
| A democratic style of leadership results to a higher degree of competitiveness as compared to a bureaucratic style. | | | | | |
| Good leadership style facilitate the organization in attaining competitiveness through improving employee levels of commitment. | | | | | |

8. Listed below are some of the phenomena within an organization that are influenced by leadership style adopted by an organization. To what extent is the influence felt in your organization? [1= Very Great Extent, 2 = Great Extent, 3 = Not Sure, 4 = Moderate Extent, 5 = Not at All].

| Measure | 1 | 2 | 3 | 4 | 5 |
|---------------------------------------|---|---|---|---|---|
| Reduced staff turn-over rates | | | | | |
| Increased organizational productivity | | | | | |
| Satisfaction of employee | | | | | |
| Enhanced employee creativity | | | | | |
| Achievement of organizational goals | | | | | |

9. Which of the listed aspects entails your organization' strategic intent?
- i. Becoming the recognized sector leader Yes [] No []
 - ii. Availing the best customer service Yes [] No []
 - iii. Changing a new technology to a capability that is transformative
Yes [] No []

10. Below aspects relate to strategic intent and vision articulation. Please indicate how likely they are to influence organizational competitiveness. [1=Very likely, 2=Likely, 3=Not sure, 4=Unlikely, 5=Very unlikely].

| Aspect | 1 | 2 | 3 | 4 | 5 |
|--------|---|---|---|---|---|
|--------|---|---|---|---|---|

| | | | | | |
|--|--|--|--|--|--|
| The firm' aggressiveness of becoming a winner in a market place. | | | | | |
| Efficient execution of an organization' strategic vision and mission. | | | | | |
| Clearly defining the path followed by the organization in executing its vision. | | | | | |
| Complete understanding of a firm' stakeholders | | | | | |
| Intent strategic leadership assessment of the organization' business environment | | | | | |
| Establishing more revolutionary organizational visions | | | | | |
| Developing specific milestones for the organization' staff to work toward. | | | | | |
| Assisting stakeholders comprehend what is required to be done. | | | | | |

PART 3: STRATEGIC LEADERSHIP AND ORGANIZATIONAL COMPETITIVENESS

11. Below statements relate to strategic leadership and organizational competitiveness.

Kindly indicate your opinion using the provided scale. [1=Strongly Agree, 2=Agree, 3=Not sure, 4=Disagree, 5=Strongly Disagree].

| Measure | 1 | 2 | 3 | 4 | 5 |
|--|----------|----------|----------|----------|----------|
| Strategic leadership is fundamental to the performance and success of the organizations. | | | | | |
| Effective strategic leadership improves a firm' market share. | | | | | |
| Effective strategic leadership increases business profits. | | | | | |
| The organization has managed to attain and sustain competitiveness. | | | | | |
| Organizational competitiveness may be sustainable if the competitors are not able to duplicate the sources | | | | | |

THANK YOU

Appendix 2: List of Banks in Kenya as at December 2015

| No. | Name of Bank |
|-----|---|
| 1. | African Banking Corporation |
| 2. | Bank of Africa Kenya Ltd. |
| 3. | Bank of Baroda (K) Ltd. |
| 4. | Bank of India |
| 5. | Barclays Bank of Kenya Ltd. |
| 6. | CFC Stanbic Bank Ltd. |
| 7. | Charterhouse Bank Ltd. (Under Statutory Mgt.) |
| 8. | Chase Bank (K) Ltd. |
| 9. | Citi Bank N.A. Kenya |
| 10. | Commercial Bank of Africa Ltd. |
| 11. | Consolidated Bank of Kenya Ltd. |
| 12. | Co-operative Bank of Kenya Ltd. |
| 13. | Credit Bank Ltd. |
| 14. | Development Bank of Kenya Ltd. |
| 15. | Diamond Trust Bank (K) Ltd. |
| 16. | Dubai Bank Kenya Ltd. |
| 17. | Ecobank Kenya Ltd. |
| 18. | Equitorial Commercial Bank Ltd. |
| 19. | Equity Bank Ltd. |
| 20. | Family Bank ltd. |
| 21. | Fidelity Commercial Bank ltd. |
| 22. | Fina Bank Ltd. |
| 23. | First Community Bank ltd. |
| 24. | Giro Commercial Bank Ltd. |

| | |
|-----|----------------------------------|
| 25. | Guardian Bank Ltd. |
| 26. | Gulf African Bank Ltd. |
| 27. | Habib Bank A.G. Zurich |
| 28. | Habib Bank Ltd. |
| 29. | Imperial Bank ltd. |
| 30. | I & M Bank Ltd. |
| 31. | Jamii Bora Bank Ltd. |
| 32. | Kenya Commercial Bank Ltd |
| 33. | K-Rep Bank Ltd. |
| 34. | Middle East Bank (K) Ltd. |
| 35. | National Bank of Kenya Ltd. |
| 36. | NIC Bank Ltd. |
| 37. | Oriental Commercial Bank Ltd. |
| 38. | Paramount Universal Bank Ltd. |
| 39. | Prime Bank Ltd. |
| 40. | Standard Chartered Bank (K) Ltd. |
| 41. | Trans-national Bank Ltd. |
| 42. | UBA Kenya Bank Ltd. |
| 43. | Housing Finance Ltd. |