STRATEGIC ALIGNMENT AND PERFORMANCE OF COMMERCIAL BANKS IN NYERI COUNTY, KENYA

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DECLARATION

I declare that this research project is my original work and has not been presented for a degree in any other University.

Signature: --- Date ………………………………………

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As the appointed University Supervisor, I hereby confirm that this research project is the candidate's own work done under my supervision, guidance and direction.

Signature: --- Date ………………………………………

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DEDICATION

I dedicate this work to my source of inspiration and joy my daughter, Tasha Kendi, my lovely wife Mercy Muthoni and my ever-supportive mother Jeniffer Muthaura, and rest of the family for their support, time and prayers. My heartfelt appreciation goes to my mother for her unlimited support throughout the period.

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TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

OPERATIONAL DEFINITION OF TERMS

Commercial Bank:	It is a financial institution licensed to receive deposits and make loans.
Business cultural alignment:	The values, norms, viewpoints and behaviors allowed at the banks working environment. It is the adaptation of the organization to survive in the changing business world.
Organizational structural alignment:	The way in which a bank is organized with regards to stakeholders, management and running of internal affairs. Also includes how coordination is done, reporting, authority is designated and career paths for staff.
Performance:	The realised results for a bank and it is compared to the set targets or objectives
Strategic alignment:	Involves linking or creating a match/fit between strategy and institutional factors namely corporate culture, processes, systems, structure, resources, among others.
Technology alignment:	It encompasses the total techniques, skills, methods, and processes used in the production of services or in the accomplishment of objectives, such as scientific investigation.
Resources alignment:	Aligning and managing resources in a bank by properly allocating them to realize the intended strategy.

ABBREVATION AND ACRONYMS

AML	Anti-Money Laundering
CBK	Central Bank of Kenya
CFT	Combatting the Financing of Terrorism
IT	Information technology
KCB	Kenya Commercial Bank
KYC	Know your customer
RBV	Resource-based view
SPSS	Statistical Package for Social Science

ABSTRACT

One of the biggest performance problems facing the financial sector is non-repayment of loans, weak legal structure, ineffective lender recourse and bad debt recovery strategies. The commercial banks have suffered due to NPLs which reduces their profits through credit losses and direct write-offs for those loans that turn into bad debts which eventually shrinks the money available for provision of loans. These problems have threatened the failure and collapse of some banks in Kenya. Based on this gap, the study investigated on the influence of strategic alignment on performance of commercial banks in Nyeri County. The study's specific objectives included business cultural alignment, organizational structural alignment, technology alignment and resources alignment. The study employed descriptive research design and its targeted 14 commercial banks in Nyeri County and 126 employees of the banks. Questionnaires were used to collect primary data for the study and the instrument was semi-structured and was piloted tested by 18 staff of two commercial banks in Kirinyaga County. The researcher dropped the questionnaire at the workplace of the respondent and later picked them for analysis that was descriptive and inferential statistics and analysis was done. The findings were presented in tables, figures and discussions for qualitative analysis. The findings from correlation analysis showed that r values and p-values ranged from 0.5 to 0.9 an indication that strategic alignment significantly affected performance in the commercial banks. Structural alignment had the highest r values and thus the strongest effect to performance, followed by technological alignment, resource alignment and lastly cultural alignment had the least effect to performance. The results also showed that 64.2% of the variations in the banks' performance can be traced to strategic alignment. The study concluded that strategic alignment employed by the commercial banks led to its improved performance. The culture of information sharing, participation and engagement of all employees and structure that divides the labor, coordinates work processes and communication channels led to improved performance. The study also concluded that technological alignment through modern-day banking technologies, investing and equipping the bank with new technologies that is accessed by all staff and availability of financial and human resources under resource alignment resulted in improved bank performance. The implication is that strategic alignment affected commercial bank performance hence the recommendation is for other commercial banks in different regions and other organizations to adopt strategic alignment as they seek to improve their performance. The study recommends that other organizations seeking to improve performance in profitability, market share and customer and employee satisfaction to adopt the use of elements of strategic alignment.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The financial sectors, as shared by Waweru and Kalani (2014) in most of the western countries have gone through transformations since 1980s. In the process, the state regulations governing the financial institutions have been withdrawn or reduced. Research on banks performance has gained a lot of prominence globally among the different players in the field over the past decade (Muriu, 2019). In order to gain leverage on equity and attain economies of scale, alignment has been done on a global scale for key decision making as the market continues to be very competitive.

The collapse of the US investment bank owned by Lehman Brothers in September 2008 posed a great threat to the global financial systems. This resulted in withdrawal of some market players from financial systems leading to collapse of world trade. The greatest fear was recurrence of the 1930's Great Global depression. The situation has led to definite change on the outlook of the financial world in terms of who holds the balance of power and the future operations of the global financial industry. However, there is increased optimism of growth of the world economy and financial industry at large (Ahmed & Saima, 2014).

Within the African context, the banking sector has been faced by a number of challenges. Some of them include: low commodity prices, ability to sustain debts, political environment, quality of loans and how they affect the financial sector. The banking sector has been faced by concerns in two areas. The first concern is on decline on reports on relationship with European and American banks on fights of money laundering while the second concern is on financing of terrorism and slowing operations by some banks in Africa by some global banks stipulated by changes in regulations especially in Europe.

Underdeveloped financial and banking systems remain to be evident in Sub-Saharan African. The banks are small in size with low intermediation rendering them less efficient at financial intermediation. Competition is still limited and accessing finance is still a challenge in Sub-Saharan Africa and this impact negatively on enterprise growth in the region. This greatly impact negatively the region's ability to realize its maximum growth. Banking systems in most African countries are still characterized by underdevelopment with limited intermediation and completion although there have been reforms. The sector has been constrained by weak legal structures and small-scale markets (Harrington, 2014).

Alagaraja *et al.,* (2015) is of the view that strategic alignment integrated in the banking and financial sector offer a solution to the existing impediments in Africa. There is a drastic change of events around business and organizations that remain with no choice except to make deliberate efforts to adapt. Organizations need human resource that is well aligned with its business principal strategy. Consequently, it is becoming paramount that organizations learn to maintain strategic alignment at all the levels in order to remain competitive. The strategies employed have to be viable and creative enough to ensure steady growth of organizations. The alignment must ensure cohesion between the processes of the business and strategies for growth.

The Kenyan commercial banking industry has taken many faces over the last two decades. In order to make profits and stay afloat during the phase of financial crisis, these banks have had to increase their lending. This has put them at a compromise level as there is no assurance of total recovery of the loans due to high rates of defaulting clients. There is a need for the banks to diversify their sources of income of overdependence on interests, which might not be a viable strategy for high performance.

1.1.1 Organization Performance

Evaluation of organization and its performance is of great concern to market players and researchers (Daley, 2012; Kinyua, 2015; Kimaru & Kinyua, 2018; Kobia & Kinyua, 2018; Mbugua & Kinyua, 2020). Organization performance is essentially concerned with how well an enterprise operates towards realization of its vision, mission and strategic objectives (Windermere, 2013). Measurement of organization performance is a comparison between the results and the intended goals. Performance is an indicator of the health and well-being of the organization and is only through performance analysis that an organization can tell how well or how poor it is doing. It is the feedback that an organization gets from all the input to its system (Muzny & Simba, 2019).

The existing empirical literature presents a strong evidence that there are many different indicators that can be used effectively to measure organization performance. Mbai, Muhoho and Kinyua (2018) measured performance of Machakos Water and Sewerage Company in Kenya using customer satisfaction, service delivery growth, revenue and service delivery indicators. Researches that have been carried out in the banking industry have also supported the use of different indicators of organization performance. The level of competition, profitability, concentration and productivity are some of the measurements that can be used to show how commercial banks are performing (Ongore & Kusa, 2013). Similarly, performance of commercial banks has also been measured using efficiency, effectiveness, customer retention, new process, customer satisfaction, employee's satisfaction, capacity utilization, market share and profit (Mirugi & Kinyua, 2018; Gabow & Kinyua, 2020).

The balanced scorecard (BSC) model presents four perspectives for measuring organization performance (Kaplan & Norton, 1992). BSC is essentially a prescriptive framework that organizations can use to effectively implement and manage the execution of strategy (Kaplan & Norton, 2005). Although the BSC model proposes the need for using both financial and non-financial indicators, it is criticized for leaning on financial measures in performance measuring (Zhang & Li, 2009; Muthoni & Kinyua, 2020). In this study, capacity utilization, customer satisfaction, employees' satisfaction and market share were used as non-financial measures of performance in the context of Commercial Banks in Nyeri County, Kenya.

1.1.2 Strategic Alignment

It is part of the plan for sustaining activities and operations in the corporate world. Alagaraja and Shuck (2015) stated that strategic alignment involves linking or creating a match/fit between strategy and institutional factors namely corporate culture, processes, systems, structure, resources, among others. They are of the view that there are superior skills and superior resources that sets a company above her competitors. These include unique abilities of human resources, available systems, market knowhow and the available physical resources for implementation of the strategies.

In the context of this study, strategic alignment was studied under four key variables, which include structural, cultural, resources alignment and technology alignment. This was be measured by dimensions such as management structure, managerial personnel and administrative controls and employee relations. In the argument presented by Anuar and Kamruzzaman (2017), they lay an emphasis that organizational structural alignment should revolve around the design in achieving set goals. The main concern of organizational structural alignment entails the match between IT decision-making structures and organizations and the business (Aagaard, 2016).

While advocating the need for employees and senior management to be on the same page regarding an organization's purpose and core values, Dibrell, Craig and Neubaum (2014) present certain needs that should be aligned well in a firm. In their study, the authors vouch for needs such as values, culture adoption and employee engagement. Thus, business cultural alignment was measured by indicators like working relationship, communication structure/systems, and cultural relationship at all phases of the business organization Actual individual performance is determined by integration of the cultural and behavioral norms and the applied tactical behaviors. Based on the gathered empirical research, business cultural alignment was measured by defined value systems, systems and structures and employee relationships.

Resources alignment encompasses a variety of elements that should be aligned together with the firm’s resources to trigger better performance. Among the researchers who have studied resources alignment, Ongeti and Machuki (2018) agree that almost all firms have commonality in resource composition. They go further to list some of the resources which the management should use to align the firm’s strategies, and these include: human resources, financial resources and capital resources. In the study, it comprised of the presence and availability of firm’s resources, and a strategy on linking them to strategic goals to achieve better and desirable performance. Aspects of measurement of resource alignment include organizational resources, owners/shareholders and stakeholders.

To assess technology alignment, there is open communication system between business and IT executives and successful history of information systems. In order to design strategies and ensure they are well communicated to the entire organization for efficient performance, technology alignment comes in handy. On the other hand, it helps in laying performance standards, structure and ensuring that there is consistency by the management. According to Aagaard (2016), traditional manual operation by the commercial banks are being replaced by digital modes. Some of the processes that have been digitized include loan application and disbursements and know-your-customer (KYC) documentation. The transition has resulted in more efficient services to the customers by the banks.

1.1.3 The Commercial Banks in Nyeri County

It is crucial for management of banks and all the other stakeholders understand the factors that affect performance (Lipunga, 2016). A combination of methodologies and theories are key to understanding strategies based on independent and collaborative resources. Strategic alignment is one of these theories. However, there is limited empirical literature on performance among commercial banks with regard to strategic alignment. Therefore, this study added knowledge as a way of bridging the lapses. On this regard, the study was key in determining the effect that strategic alignment has on commercial banks performance.

CBK is the regulator of the Kenyan banking industry and all banks in Kenya operate under regulation by the Banking Act (Cap 488). Micro finance institutions on the other hand are under CBK Act cap. 491 and they are regulated under the Micro Finance Act and the Forex Bureaus. As of 31st March 2015 there were 43 commercial banks, 10 MFIs, 86 foreign exchange bureaus, 1 mortgage company, 2 CRBs and 14 money remittance providers. The banks locally owned (31) and foreign owned (13) and 11 are listed at the NSE (CBK, 2015).

The classification of banks by CBK is either, large banks with assets of 15billion shillings and above, the medium banks have 5billion and small banks have less than 5billion shillings in assets. There are 6 large banks, 15 medium and 23 categorized as small and 9 banks are listed at the NSE (CBK, 2015). The sector has seen improvements in terms of rise in net asset at 3.37

trillion, deposit base at 2.41trillion, loans at 2.04trillion and profits before tax at 37.3 billion shillings.

1.2 Statement of the Problem

Non-performing loans pose the biggest challenge on performance index for banks within Nyeri County. The banks have weak monitoring controls and supervision coupled with weak lenders' recourse, legal infrastructure and poor strategies for debt recovery. This has led to reduced profits and shrinking funds available for loans in most of the banks across the country. Some banks and MFIs in Kenya have failed and others have collapsed owing to huge amounts of non-performing loans (Kirui, Ndiao & Wasike, 2018). In addition, it has been hard for banks to attain maximum levels of efficiency. With adoption of digital banking, it has been paramount to deliver user friendly experiences to the customers while ensuring increased security levels.

Commercial banks in Nyeri County have continued to perform poorly and inefficient in the overall financial intermediation despite financial sector reforms since the last decade. This has been seen through the quality of asset being poor, ineffective operations, increase in NPLs, high liquidity risk, high credit risks to private agents and high cost in financial intermediation. As evidenced by Gweyi (2014), low levels of economic growth are to blame for poor performance of commercial banks as reflected inflation rate, interest rate spread, interest rates, volatility being high and deposit rates and GDP growth and per-capita GDP being low. While there have been studies on strategies that can be adopted by banks for realization of better performance and increased profit margins, most of them are very limited in coverage while others are only geared towards other centers of economy. In his study, Aagaard (2016) affirmed that business and information systems strategy alignment helps companies to perform better. In another research study, Dibrell, Craig and Neubaum (2014) contended that companies can gain competitiveness that leads to high brand visibility, efficient operations and profits that help them in the ever-changing markets. Unfortunately, there is no standard measure of a positive correlation between strategic alignment and organization performance. Empirical research by Ittner, Larcker and Randall (2013) showed that the performance implications of this alignment has not been realised as a solid unit.

Some of related researches done on this topic include Ongore and Kusa (2013) study which concluded that banks are affected by the decisions of the board and management and macro-economic factors. However, the study's independent variable is different from the current which can lead to variation of findings. Another study by Otiso (2018) investigating the organizational structure and quality service for the commercial banks based in Nandi County, whose results revealed that organizational structure influenced the quality service of commercial banks in Nandi County. The difference is that while it examines service quality, the present study focuses on performance.

It is evidently clear that in the Kenyan context, very few researches looked at the influence of strategic alignment on performance. Based on this gap, the study investigated on the influence of strategic alignment on performance of commercial banks in Nyeri County.

1.3 Study Objectives

1.3.1 General Objective

The general objective of the study was to investigate the effect of strategic alignment on performance of Commercial Banks in Nyeri County, Kenya.

1.3.2 Specific Objectives

The specific objectives guiding the study included:

i. To determine the effect of cultural alignment on performance of Commercial Banks in Nyeri County, Kenya.
ii. To examine the effect of structural alignment on performance of Commercial Banks in Nyeri County, Kenya.
iii. To assess the effect of technology alignment on performance of Commercial Banks in Nyeri County, Kenya.
iv. To evaluate the effect of resources alignment on performance of Commercial Banks in Nyeri County, Kenya.

1.4 Research Questions

The study was guided by the following questions:

i. What is the effect of cultural alignment on performance of Commercial Banks in Nyeri County, Kenya?
ii. What is the effect of structural alignment on performance of Commercial Banks in Nyeri County, Kenya?
iii. What is the effect of technology alignment on performance of Commercial Banks in Nyeri County, Kenya?
iv. What is the effect of resources alignment on performance of Commercial Banks in Nyeri County, Kenya?

1.5 Significance of the Study

Through this study, policy makers gained information on strategic alignment in relation to performance in the banking industry. The management personnel responsible for strategic alignment can use study findings in developing plans to handle poor performance, while formulating and adopting the right strategic alignment policies for high performance in their respective banks. The findings of the study helped managers of financial institutions to understand how to manipulate strategic alignment to suit their industries.

The findings of the study were beneficial to the Kenyan government and regulators of the banking industry who utilized invaluable information on the role of strategic alignment on performance. They developed policies that help firms implement their own strategies and in turn, this improved certain frameworks in the financial institutions.

The research findings provided relevant information for academicians and business scholars to build their research theme and theoretical foundations. The research as well unveiled gaps that led guide future researchers.

1.6 Scope of the Study

The key variables included organizational structural alignment, business cultural alignment, resources alignment and technology alignment. The study was be anchored on two major theories, namely agency theory and resource-based view theory. The study's target population was the fourteen selected commercial banks in Nyeri County, Kenya. The study took place between February and March 2021. The questionnaire was the instrument used in data collection. The collection of data employed descriptive research design.

1.7 Limitations of the Study

This study was undertaken in commercial banks where employees are busy and restrained to release confidential information about their banks. To mitigate this, the researcher of the study endeavored to create sufficient time convenient to the respondents, and most importantly dropped the instrument and picked them at a later date during the data gathering.

Secondly, the information being sought after from the respondents in commercial banks is by nature confidential, secretive and not easily released to the public domain. Resultantly, the study foresees a limitation where the respondents might be unwilling or decline to give certain information appertaining the bank's performance due to fear of competitors or even the management and shareholders. To curb the restriction, assurances were given to the management and all the respondents of the study that the information being sought after is purely for academic purposes, it was kept confidential.

Third, the study is bound to encounter the challenge of respondents' attitudes. This is because different respondents are likely to have varied inclinations towards the study subject. This influenced them towards individual perceptions as regards the study subject. The researcher overcame the challenge by way of imploring on the respondents on the essence of objectivity when filling in the questionnaires for the success of the study. Further, the researcher mobilized the necessary resources and motivation to make the study a success.

1.8 Organization of the Study

The project was divided in sections; with chapter one discussing background and research problem. It also highlighted the study main and specific objectives, research questions, and study's significance. The chapter concluded by laying out the scope and the key limitations to the study. Chapter Two gave a clear account of all past theoretical undertakings that explain the variables of the study in relation to the problem being investigated. The chapter delved into the discussion on empirical studies that have been done on each of the variables. The gaps emanating from these studies are then highlighted and conceptual framework to show interrelationships. Chapter Three of the study showed the design, population and techniques used to make the sample list the instrument, administration and analysis of the data. It has sections on pilot tests and ethical considerations.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter present the theoretical and empirical study reviews and the ones that are related to strategy implementation on performance of firms. It is divided in three parts: empirical study, theoretical framework, summary of research gaps and finally the conceptual framework. Under each, there were sub headings that helped in analyzing the literature relation, then the conclusion of the chapter summary.

2.2 Theoretical Literature Review

The study was anchored on RBV, the agency theory, dynamic capabilities theory and balanced scorecard model.

2.2.1 The Resource-Based View

The origin of RBV of the firm is associated with Edith Penrose and sought to provide a firm oriented perspective to the concept of strategy (Penrose, 1959). The model serves as managerial framework that determines an organization’s strategic resources that can be exploited to enable the firm attain sustainable competitive advantage. The major proponent of the model, Barney (2011) postulated that the RBV model has undergone evolution from a blossoming approach to become one of the more powerful and prominent theories that describe, explain and predict the varying relationships existing in firms. The model propounds that the resources of the firm are so fundamental in determining both the performance and competitive edge of the firm. The RBV model works on the assumption that firms that operate within a particular industry may be heterogenous in nature with regard to the bundle of resources under their control. The second underlying assumption of the model is that resource heterogeneity is likely to persist for long since the resources used in executing the resources of the organization are not perfectly mobile across organizations.

RBV works on maximizing returns using the available resources. The resources are tangible which take the form of fixed or current organizational assets; the intangible assets include intellectual property rights and capabilities are skills and experiences inherent in the organizational employees. To gain competitiveness, the organizations must exploit these resources (Dibrell, Craig & Neubaum, 2014). The model proponents argue that these resources and not the environment are what gain a firm competitive edge. As such the model exposes the use of information and communication technology in gaining competitive edge for the organization (Meng & Berger, 2019).

Jurevicius (2018) criticizes the RBV model by stating that different configurations that yield the same value to the firm, the product markets are underdeveloped and there is need to consider the surrounding environment and factors for these resources and its surrounding rather than assuming that they simply exists. The RBV model anchored the study by informing on resource alignment and its linkage to organization performance. The alignment of resources is by the direction and guidance of the leadership within the firm. It further showed and justify how resources in a firm should be balanced to score the ultimate objective of wealth maximalization, which, in the process, was enhanced performance.

2.2.2 Agency Theory

The theory was forwarded by Eisenhardt (1985) in explaining the relationship between one party (principal) and the other (agent). The relationship between the principal and the agent should lead to efficiency at the organizational level through information sharing and risk bearing. The theory states that there is a contractual relationship between the two parties, where there is delegation of duties, authorities and decision making by the principal to the agent (Shapiro, 2015). The agent acts on behalf of the principal and undertakes all legal actions in a competent manner so as to gain high returns for the principal.

The theory is criticized by Alfred (2016) since it presents conflict of interest and costs of agency that accumulates from separation of control and ownership, risk preferences and information asymmetry. The theory also sidelines the principal who can be deceived by the agent, while the agents might work in poor state so as to gain the benefits for the principal (Bathala & Rao, 2015). The agency theory is used in the study to explore more on the objective of resources alignment and expose how the organizational management should handle and allocate resources to reap high returns.

The agency theory was adopted in this study to support the resources alignment variable. The theory provided a blueprint on how the management should exercise prudence in handling the available resources in a manner that maximizes performance. The theory shed light on how the management of commercial banks ought to conduct their operations for the shareholders of these banks

2.2.3 The Dynamic Capabilities Theory

It is through the research paper titled “Dynamic Capabilities and Strategic Management” in 1997 written by Reece, Pisano and Shuen. According to Teece (2014) sound utilization of resources lead to capabilities that are of value to an organization and its modification leads to it becoming more effective. It works on basis of firms trying every format to adjust their assets in line with the environment for their benefit. Capabilities of an organization rely on using internal and external competencies, adjusting these competences to suit the environment and gaining increased returns that help an organization to remain competitive (Hiebl, 2018).

These capabilities are unique, difficult to formulate or share and embedded into the structure and body of the organization. It is in the managerial and leadership traits in the management of the firm’s top leadership. The leaders guide and direct the routines and structure of the organization using the rare, valuable, and non-substitutable resources that help the firm gain competitive advantage (Venkatraman & Ramanujam, 2016).

The organizational leaders and management must structure the firm, its resources and processes so as to enhance production. As such the theory exposes the objective on structural alignment as its alignment and exploitation can be part of resources yielding high production and gaining competitive edge for the firm.

2.2.4 Balanced Scorecard Model (BSC)

BSC is a success measure for strategic management used to define and optimize different functions and their resulting external results. The balance scorecard is method of management that helps companies to translate their vision into plans and actions plans that once developed lead to better results. It was developed by Kaplan and Norton in the early 1990s and four key aspects, customer, financial, business processes and learning and growth (Faruk & Lynn, 2016).

These four perspectives give feedback on progress of the strategic plans and its direction towards achieving the set objectives and fulfilling the strategic goals so as to reach the organizational vision (Odita & Bello, 2015). In the banking sector, BSC guides the management in strategic plan development and its managers during the implementation stage so as to improve performance and head towards achieving then goal of the bank vision and mission.

In the context of this study, the balanced score card model supporting organization's performance as the research variable. The balanced score card model was useful in the study since it enabled the bank's management an edge over its competition without presenting an information's overload.

2.3 Empirical Literature Review

2.3.1 Cultural Alignment and Organization Performance

Owino and Kibera (2019), in the study on cultural alignment and performance, where MFI records provided the secondary data while MFIs staffs were respondents giving primary data. The data was subjected to factor analyzing where results show that clan, hierarchies and strong cultural topologies in the microfinance sector significantly influenced performance. The organizational culture influence non-market performance and led to MFIs and the industry gaining competitive advantage. Knowledge gap is hinged on data analysis methodology which differs from the one proposed to be used in the study; thus, implying mixed results.

Kamau and Wanyoike (2018) did a study on cultural balance in organization and performance while covering the Mayfair Casino in Nairobi. The focus of the study was on organization performance describe as effectiveness, productivity, satisfaction and efficiency. The study used descriptive and exploratory designs and collected primary data from 108 sampled employees of Mayfair Casino. Findings show that corporate culture is strongly correlated to organization performance using indicators like satisfaction, productivity, effectiveness and efficiency. The contextual gap is that the study is based in a casino while the present study is based on banks, implying that the two studies differ contextually.

Taye, Sang and Muthanna (2019) examined organizational culture influence of organization's performance and focused on higher education institutions. The students and faculty formed part of the respondent list and analysis from the interviews showed that organizational culture exhibited in terms of leadership, environment, mission, strategy, socialization and information. The elements of organizational culture significantly influenced the performance in the institutions of higher education. The study focused on only one institution to gather data; the responses could be biased due to same environmental and workplace conditions, unlike the current study which focused on several firms. That means that the findings could differ.

2.3.2 Structural Alignment and Organization Performance

Ogaga and Awino (2019) investigated the relationship between corporate structural alignment and organization performance. Primary data was from the 46 listed firms in the NSE and findings revealed that organizational structure significantly influenced performance in terms of corporate strategy, internal business operations, environment and customer but it did not affect performance indicated as financial, learning and growth and social. The study employed intervening variables, while the current study does not employ intervening variables.

Chibueze and Ogbo (2015) in impact of organizational structural composition and organization performance using Innoson Nigeria Ltd, as the scope. Data (primary and secondary) sources revealed that power decentralization led to informed and involved decision making, improved staff production and efficiency in the firms. The gap present in the study emanates from the contextual differences between the study which is undertaken in Nigeria and the current study whose scope is in Kenya. Due to geographical differences, the results can differ considerably.

Kihara, Karanja and Kennedy (2016) on organizational structural alignment and performance in the large Kenyan manufacturing firms, concurs with above findings by showing that organization structure influences performance of large manufacturing firms. Many of these manufacturing firms had their own specialized organizational structure which advocated for high control measures in the firm. The independent variable of the study (which is strategic contingent organizational factors) differ from the current study; thus, likely to elicit different study outcomes.

Muriu (2019) in the study on organizational structure and its influence on Mobile-Commerce for commercial banks' performance. 133 managers were used as respondents and after analysis it was shown that organizational structure had a positive impact performance of m-commerce. An open structure allows for work tasks to be easily coordinated between the different functional and operational areas of the organization with the results of high productivity and outcomes. The study differs from the current study in terms of methodological approach since it uses a positivism research philosophy and stratified random sampling which is different from the current study.

Chigozie and Chijioke (2015) in the study on the manufacturing firms found in the as South-East part of Nigeria and how organization structure influence performance. Researchers sharing that nature of organizational structure led to variation in performance. The manufacturing firms then focused in staff competences through training which positively affected productivity levels, quality and flexibility of the staff to adapt to changes and also resulted in high sales revenues. There exist contextual differences between geographical differences, the results can differ considerably.

Malik (2014) in the study on organizational structure alignment and performance of employees of brewing firms in Nigeria; the focus was to assess presence of any specific structure that increased employee performance. The study targeted five brewing firms listed in the Nigerian stock exchange market where results showed that hierarchical layers, technology use, set boundaries and formalization of structure positively impacted on employee performance. The gap in the study is the contextual difference between the study which is undertaken in Nigeria and the current study whose scope is in Kenya. Due to geographical differences, the results can differ considerably. Further, the study employs the use of correlation and t-statistics for analysis while the current study does not.

2.3.3 Technology Alignment and Organization Performance

Laban and Deya (2019) study was on technological innovation and alignment on organization performance of ICT companies; focusing on innovation through the market, the processes, the product and organization. The study used 14 ICT firms in Nairobi County and its employees who revealed that market innovation led to organization performance, having the biggest effect followed by product, process and lastly organization innovation. The study combines both multiple regression and variance in data analysis while the current study only uses regression.

Chege (2019) assessed the association that technology alignment had on organization performance and found out that the sampled 240 enterprises performance was strongly influenced by technology. The study reveals that enterprises should invest in technology and innovative strategies that improved the organization performance. The study uses structural equation modeling in analysis of data, which can generate very different outcomes if used in the current study.

Nguyen, Nguyen and Phung (2019) covered the effect that technology alignment had on organization performance and corporate social strategy in the Vietnamese manufacturing firms. The study collected data from 2011-2013 and revealed that product innovation improved the performance of organizations in terms of market share. The study employs an external intervening variable while the current study does not.

Kariuki (2015) on technology alignment and Kenyan mobile telecommunication firms' performance. Results show that strategic innovation positively affected performance of the firms.

Some of the strategies cover product, process, marketing and resources planning like human which improved the performance of the firms. These telecommunication firms are advised to invest in technology so as to innovate more products and processing and increase their productivity. The study does not provide a clear methodological approach in terms of study population and sampling design; which are well addressed in the current study. Similarly, Faruk and Lynn (2016) investigated the impact of innovation strategy on organization performance. The study analyses revealed that innovation strategy significantly increased organization performance.

2.3.4 Resources Alignment and Organization Performance

Ongeti and Machuki (2018) in the study on resource alignment and performance of Kenyan state corporations, where the study focussed on the 63 state corporations from where data was collected. The analysis revealed that firm resources led to organization performance and these resources included physical, human and non-physical resources. The study focused on state corporations whose measures of performance and conceptually different from the business enterprise focal point.

Otulia, Mbeche and Wainana (2017) examined how resources alignment influenced organizational performance of International Organization for Standardization (ISO) certified organizations in Kenya. The study collected data from 282 ISO certified firms and financial statements from 27 were sampled and used for secondary data. The findings show that excess organizational resources led to reduction in performance of the firm. The study is limited due to the fact that the target population is large and disproportionate which affected comparisons between the firms where primary data was collected and those from which secondary data was collected from.

Murimi, Ombaka and Muchiri (2019) conducted a study on resource alignment and small and medium manufacturing enterprises' performance. The study targeted 350 SMEs registered under Association of Manufacturers (KAM) and 183 respondents sampled and included in the study. The collected data was analyzed and findings show that physical resources led to high performance for SMEs in Kenya that are in the manufacturing sector. Target population of the study is too large, as compared to the size of the current study's population. Too large population can lead to biasness in sampling the final respondents who should partake in the study.

2.4 Summary of Literature Review and Research Gaps

Table 2. 1: Summaries and Knowledge Gaps

Author & Year	Key Focus	Research Findings	Knowledge Gap	Focus of the Current study
Owino and Kibera (2019)	Business cultural alignment and the performance of Kenyan MFIs.	The results obtained demonstrate that organizational culture led to non-market performance leading to sustained competitiveness.	The gap in the study is hinged on data analysis methodology which differs from the one proposed to be used in the study; thus, implying mixed results.	The current study analyzed data using inferential and descriptive statistics and relied on proper methodology.
Kamau and Wanyoike (2018)	The effect of organizational cultural balance and performance of Mayfair Casino	Findings show positive correlation of corporate culture and performance seen through customer satisfaction and productivity	The study adopted a combination of various sub-related variables to organizational culture, while the present study studies cultural alignment as a stand-alone variable.	The study narrowed down into focusing on cultural alignment in relation to performance.
Taye, Sang and Muthanna (2019)	The culture and influence on performance of the organization	All culture elements led to individual and overall university performance	The study focused on only one institution to gather data; the responses could be biased due	The study proposes to research on a list of various firms (cross-sectional study); therefore, the

			to same environmental and workplace conditions, unlike the current study which studies various firms (case study type).	responses would not suffer from effects of biasness.
Ogaga and Awino (2019)	The influence of corporate structural alignment corporate strategy and firm performance.	The study revealed that the intervening significant influence of organizational structure on the link connecting corporate strategy and performance, but no significant power on financial performance, learning and growth performance; and social performance.	The study employed intervening variables, while the current study does not employ intervening variables.	The study directly adopted organizational structural alignment as one of the key independent variables affecting performance.
Chibueze and Ogbo (2015)	The impact organizational structural composition on organizational performance.	Findings show decentralization positively influenced organizational efficiency.	There exist contextual differences between the study which is undertaken in Nigeria and the current study whose scope is in Kenya. Due to geographical differences, the results can differ considerably.	The current study focused on the Kenyan firms only.
Kihara, Karanja and Kennedy (2016)	On organizational structural alignment and performance	The results show structure of organizations affect performance of large manufacturing firms in Kenya.	The independent variable of the study (which is strategic contingent	The study focused on organizational structural alignment as one of the key

			organizational factors) differ from the current study; thus, likely to elicit different study outcomes.	independent variables.
Muriu (2019)	The organizational structure on (M-Commerce) performance in Kenya's commercial banks.	The study findings indicated a significant correlation of organizational structure to m-commerce performance	This study differs with the current study in terms of methodological approach since it uses a positivism research philosophy and stratified random sampling which are different from the current study.	The study adopted census approach since the targeted respondents are less than 200.
Shabbir (2014)	Organizational structure alignment and Employee's Performance: A Study of Brewing Firms in Nigeria.		There exist contextual differences between the study which is undertaken in Nigeria and the current study whose scope is in Kenya. Due to geographical differences, the results can differ considerably. Further, the study	The current study focuses on the Kenyan firms only. Secondly, the current study adopts descriptive statistics and regression for studying quantitative data and relationship between variables respectively.

			employs the use of correlation and t-statistics for analysis while the current study does not.	
Laban and Deya (2019)	The effect of technological innovation and alignment and their effects on organizational performance of information communication technology sector firms in Nairobi County.	Results show market innovation led to organization performance with the highest predictor, then product and process innovation.	The study combines both multiple regression and variance in data analysis while the current study only uses regression.	Due to the simplicity nature of the variables, the study relied only on regression for analysis the relationship and strength between them.
Chege (2019)	The association between technology alignment on organizational performance in Kenya.	The findings indicated that technology innovation influences organizational performance positively. The study recommended that entrepreneurs should develop innovative strategies to actualize organizational performance.	The study uses structural equation modeling in analysis of data, which can generate very different outcomes if used in the current study.	The study relied only on descriptive statistics and inferential statistics (regression model analysis) for analysis of data.
Nguyen, Nguyen and Phung (2019)	On individual product and process innovations and organizational performance.	The product and process innovations led to increased market share but not total asset returns	The study employs an external intervening variable while the current study does not.	The study does not need to and neither adopted an intervening variable to moderate the results of the independent variables on the dependent

				variables. The variables involved were stand-alone.
Kariuki (2015)	On strategic innovation and performance of mobile telecommunication firms in Kenya.	It was found that strategic innovation had a positive effect on organizational performance.	The study does not provide a clear methodological approach in terms of study population and sampling design; which are well addressed in the current study.	The current study endeavors to provide a clear methodological approach to showcase the process of research involved from the initial point to the final study outcomes obtained.
Murimi, Ombaka and Muchiri (2019)	On strategic physical resources and performance of SMEs in manufacturing in Kenya.	Findings show the variables were significantly correlated and led to SMEs high performance	The target population of the study is too large, as compared to the size of the current study's target population. When the target population is too large, it can lead to biasness in sampling the final respondents who should partake in the study.	The current study aims to draw data from a sizable population which is neither too large not too small; this ensured that the responses are neither biased nor too variant.

Source: Literature Review (2021)

2.5 Conceptual Framework

It is a diagram that shows the inter-linkage among the study variables. It also exposes specific study indicators. This is as seen in the below figure.

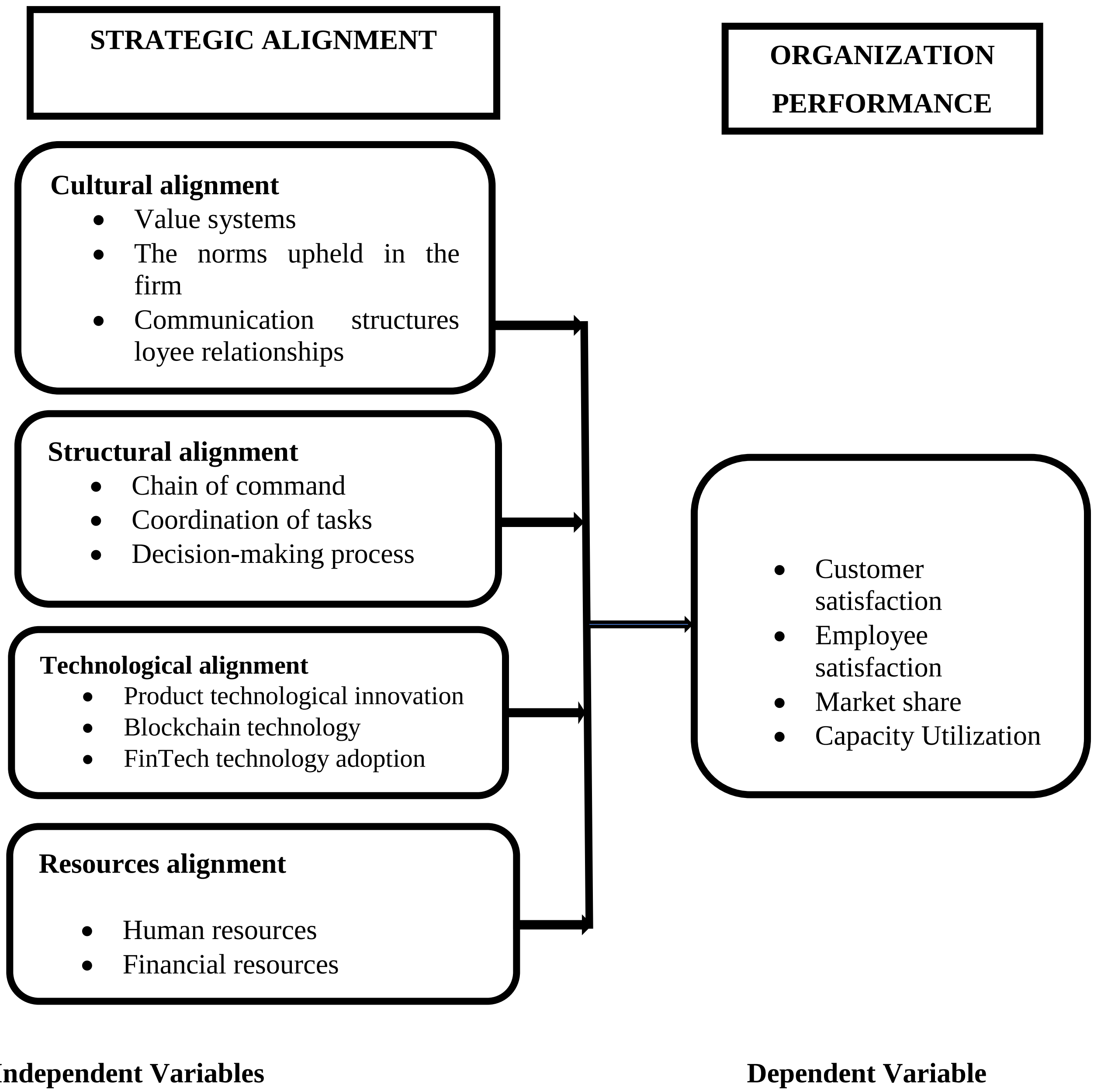

Figure 2.1: Conceptual Framework

Source: Researcher (2021)

The conceptual framework for this research incorporates the both independent and dependent variables. The independent determinants of the study include business cultural alignment, organizational structural alignment, technological alignment and resources alignment. The dependent variable is performance and was measured in terms of bank profitability, customer satisfaction and growth and expansion.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The chapter covers the design, population, its sampling methods and final respondent list. It also discusses data through its instrument, administration, processing and presentation and also the pilot tests and ethical considerations. This is done to answer the main research question.

3.2 Research Design

The chosen design was the descriptive one, which provided the researcher with sufficient data on population features and gives answers on who, what, where and when of the research problem. It also provides right information by describing conditions as they exist (Astalin, 2015) and allowed correct assessment of cause and effect of the variables in the study. It was considered appropriate for this study to reveal answers on strategic alignment and performance. Descriptive research design has been effectively used in past scholarly researches (Gatuyu & Kinyua, 2020; Ontita & Kinyua, 2020; Mbugua & Kinyua, 2020)

3.3 Target Population

The study targeted fourteen banks in Nyeri County in Kenya, whose unit of analysis that was the selected employees working in these banks. From each bank, the respondents were three senior level management employees, three middle level management employees and three junior level management employees, totalling to nine employees from each bank and 126 respondents. These respondents are selected because they had sufficient knowledge on strategy management in the banks. The firms constituting the study population are captured both in Table 3.1 below and in Appendix B.

Table 3. 1: Target Population Distribution

	Bank	Senior Management	Middle Management	Junior Management	Total Per Bank
1	Jamii bora Bank	**3**	**3**	**3**	**9**
2	Standard Chartered	**3**	**3**	**3**	**9**
3	Sidian Bank	**3**	**3**	**3**	**9**
4	Kenya Commercial Bank	**3**	**3**	**3**	**9**
5	Equity Bank	**3**	**3**	**3**	**9**
6	Diamond Trust Bank	**3**	**3**	**3**	**9**
7	Cooperative Bank	**3**	**3**	**3**	**9**
8	Barclays Bank	**3**	**3**	**3**	**9**
9	Investment and Mortgages (I&M) Bank	**3**	**3**	**3**	**9**
10	Eco Bank	**3**	**3**	**3**	**9**
11	Family Bank	**3**	**3**	**3**	**9**
12	National Bank	**3**	**3**	**3**	**9**
13	Housing Finance Bank	**3**	**3**	**3**	**9**
14	Consolidated Bank	**3**	**3**	**3**	**9**
	TOTAL				**126**

Source: Nyeri County Business Registry (2020)

3.4 Sampling Techniques

The census sampling method was adopted because the population of interest is small. It is used if the entire population is small or it is reasonable to include the entire population. It also minimizes errors and gives a true picture since the entire population is used. In this case the target population was 126 persons thus fairly small to be adequately covered.

3.5 Data Collection Instrument

This was done through semi-structured questionnaires that collected primary data and enabled the researcher collect both qualitative and quantitative data. The questionnaires and research instruments were developed from literature review and organized on the basis of demographic data of the respondents and questions that cover the research problem. The questionnaire was developed to capture data without giving names or other identifying traits for the respondents. The instrument was piloted to assess its reliability (Bryman, 2016).

The questionnaires had structured (represented by items of the Likert Scale) type of questions. The questionnaires contained three sections each: part I contained a self-introduction letter that introduces the researcher to the would-be respondents; part II contained Respondent's Demographic Information; part III contained specific information regarding statements that measure the four independent variables and the dependent variable.

3.5.1 Validity Test

It is measurement for the tool in determining the accuracy of the instrument (Mugenda & Mugenda, 2013), while Creswell (2014) defines validity as the extent that the instrument tests and measures what it was meant to do. In research, validity is where the instrument helps to get findings that answer what the research intended to answer. Pre-testing was used check the validity while content validity ensured the instrument is adjusted accordingly in readiness for actual use. Guidance of fellow students and the supervisor was sought and it helped deliver an excellent instrument.

3.5.2 Reliability Test

Pilot testing helped get reliability of the instrument through pilot testing the instrument before data collection process begins. A pilot test was done Kirinyaga County and two commercial banks, which is a different area from the study region. The researcher gave questionnaires to respondents who were three senior level management employees, three middle level management employees and three junior level management employees, totaling to nine employees from each bank and eighteen in total. The pilot test entailed a test and retest method to confirm the instrument was valid.

Reliability is the ability of the instrument giving the same results all the time (Creswell, 2014) and this will be done using test re-test method. The pilot test respondents filled the instrument and they are collected and analysed and then the same group were given the same instrument. The findings of the two were compared using the Pearson's co-efficient and findings should show similar responses as an indication the instrument is reliable. Internal consistency of the instrument was done using the Cronbach's Alpha index so as to measure similarity of the research instrument. Alpha index of 0.7 and above is the threshold to indicate reliability of the instrument (Kiprotich, Kahuthia & Kinyua, 2019; Ontita & Kinyua, 2020).

The findings show that all the questions and statements in the instrument were reliable hence the instrument is ideal for collecting data for the research as shown in table 3.2

Table 3. 2: Aggregate Cronbach Alpha Summary

Research variable	**Number of items**	**Cronbach Alpha**	**Comment**
Cultural alignment	7	.741	Cronbach Alpha is <0.7 (reliable, should be adopted).
Structural alignment	7	.800	Cronbach Alpha is <0.7 (reliable, should be adopted).
Technology alignment	7	.830	Cronbach Alpha is <0.7 (reliable, should be adopted).
Resources alignment	7	.853	Cronbach Alpha is <0.7 (reliable, should be adopted).
Organizational Performance	8	.855	Cronbach Alpha is <0.7 (reliable, should be adopted).
Overall (total)	**36**	**.816**	**Cronbach Alpha is <0.7 (reliable, should be adopted).**

Source: Pilot Test Data (2021).

The pilot test results in Table 3.2 show that cultural alignment had Cronbach Alpha tests of 0.741, structural alignment with 0.800, technological alignment at 0.830, resource alignment with Cronbach Alpha test scores of 0.853 and scores for organizational performance are 0.855. All the test scores were greater than 0.7 an indication that the questionnaire is reliable in conducting this research study. These findings agree with the statement made by Kiprotich, *et al.* (2020) that Cronbach Alpha test values that are 0.7 and above is the standard and indication that the research instrument is reliable

3.6 Research Procedure

Due to the busy nature of the banking industry, drop and pick later method of administering questionnaires was used and they were encouraged to fill at their own pleasure. The researcher first obtained an introduction letter from the university which was presented to the leadership in the banks in Nyeri County. NACOSTI research permit was sought and obtained to allow the collection of data within Kenya.

In collecting data, the researcher dropped the instrument and gave the respondents one-week before going back to pick them in readiness for analysis. To keep track of the questionnaires, the researcher kept a register and log such that all instruments were collecting by the end of the exercise.

3.7 Data Analysis and Presentation

The collected data was sorted, checked for completeness and accuracy, edited and coded into groups then entered into SPSS for further analysis. The data is quantitative in nature and as such it employed quantitative analysis techniques.

Descriptive statistics was performed where the data was summarized as per patterns and mean, frequencies, percentages and standard deviation will be obtained. Inferential statistics showed the relationship of the variables and this used multiple regression analysis to show relation of independent variable (cultural alignment, structural alignment, technology alignment and resources alignment) and the dependent variable (organization performance).

Analysis of Variance (ANOVA) was conducted to test the level of differences between the two variables. While conducting regression analysis predicted the correlation of variables such that the performance of the bank was regressed against measures of strategic alignment at the organizational level. The following equation was adopted:

$$Y = B_0 + B_1X_1 + B_2X_2 + B_3X_3 + B_4X_4 + \epsilon \quad \text{(i)}$$

Where:

Y= Organization Performance,

B_0-B_4= Regression coefficients,

X_1=Business cultural alignment,

X_2= Organizational structural alignment,

X_3=Technology alignment,

X_4=Resources alignment,

ϵ =Error term

3.8 Ethical Considerations

Right from the onset, before going to the field, the researcher started by seeking a research permit to allow carrying out the research from the NACOSTI. The consent and appointment before the research process begun was sought via the human resource personnel from all the selected banks under study. The researcher assured all targeted participants that data was for academic purposes only and that the results will be not be accessed by any unwanted third parties. The researcher took extreme caution whilst administering data collection instruments to the participants to safeguard their privacy and rights is upheld. As a means of ensuring confidentiality, the names of the respondents did not appear anywhere on the questionnaire. Finally, in the course of carrying out data, the researcher avoided asking private and other questions that may be deemed irrelevant and embarrassing in the context of the study.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presented results from data analysis and its interpretation. The results are based on the research topic of strategic alignment and performance in commercial banks within Nyeri County, Kenya. The analysis was done through the use of SPSS for descriptive and inferential statistics and the findings are presented in tables, figures and discussions.

4.2 Response Rate

The researcher administered 126 questionnaires to the staff working in the 14 commercial banks operating in Nyeri County and 93 were returned. This shows a response rate of 73.8% and the figure 4.1 shows these results.

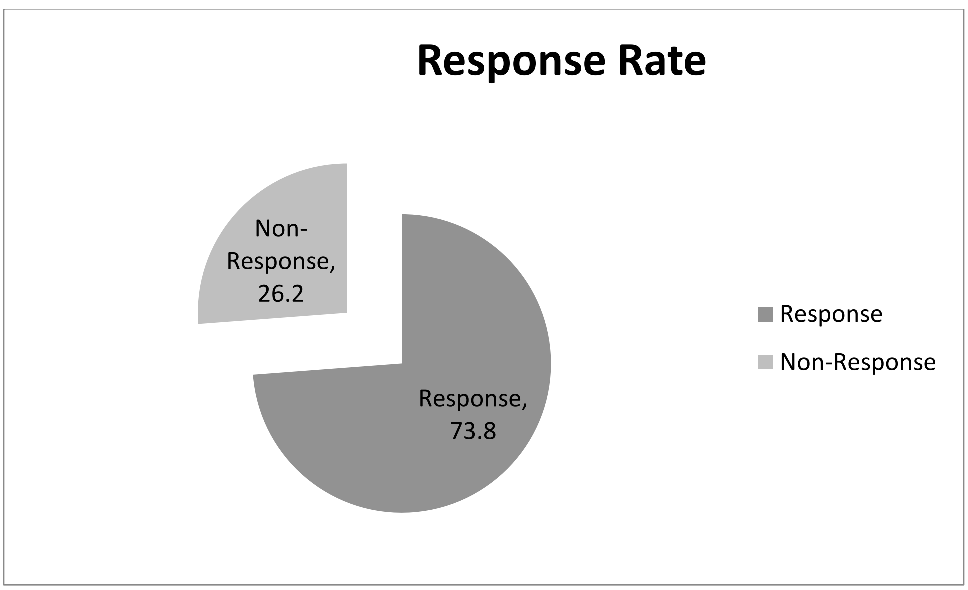

Figure 4. 1: Response Rate

Source: Survey Data (2021).

Mugenda and Mugenda (2003) noted that any response rates that are above 70% are adequate for usage in research and drawing conclusions and recommendations as a representation of the entire population. As such, the response rate of 73.8% is sufficient enough for use in this study and for generalization of the findings.

4.3 General Information

The researcher sought information on the demographics of the respondents including aspects like their gender, age, the highest academic qualifications they hold, the length working in the bank and their position in the organization. The results are presented in the upcoming sections.

4.3.1 Gender of Respondents

The respondents were asked to indicate their gender and Figure 4.2 shows their results.

Figure 4. 2: Gender

Figure 4.2 indicates that 49 males took part in the study which is a representation of 52.7% of the total response list, while 44 females participated in the study, a 47.3%. The results point out that there was no gender bias in the study.

4.3.2 Age of Respondents

The respondents were requested to tick against the group indicating the ages. The findings are shared in Figure 4.3

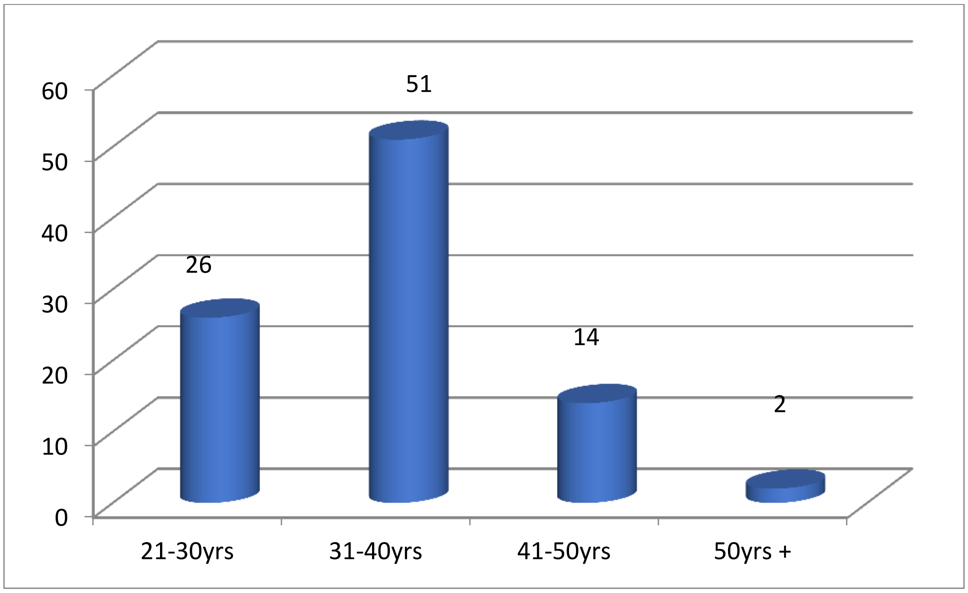

Figure 4. 3: Age of Respondents

Figure 4.3 indicate that the age ranges such that the majority of respondents are ranging in the 31-40yrs group at frequency of 51 and the percentage of 54.8%; the next largest group of respondents is those within 21-30yrs with 26 and 28%; 14 respondents indicated the lie within the 41-50yrs age group accounting for 15.1%. Those aged 50yrs and above accounted for 1.1% of the total respondents. These findings are an indication that all age groups were considered and included in the study in a manner to allow varieties in viewpoints and opinion on the study topic.

4.3.3 Highest Academic Qualifications of the Respondent

The researcher asked the respondents to state the highest academic qualifications that they held. Figure 4.4 shows the results

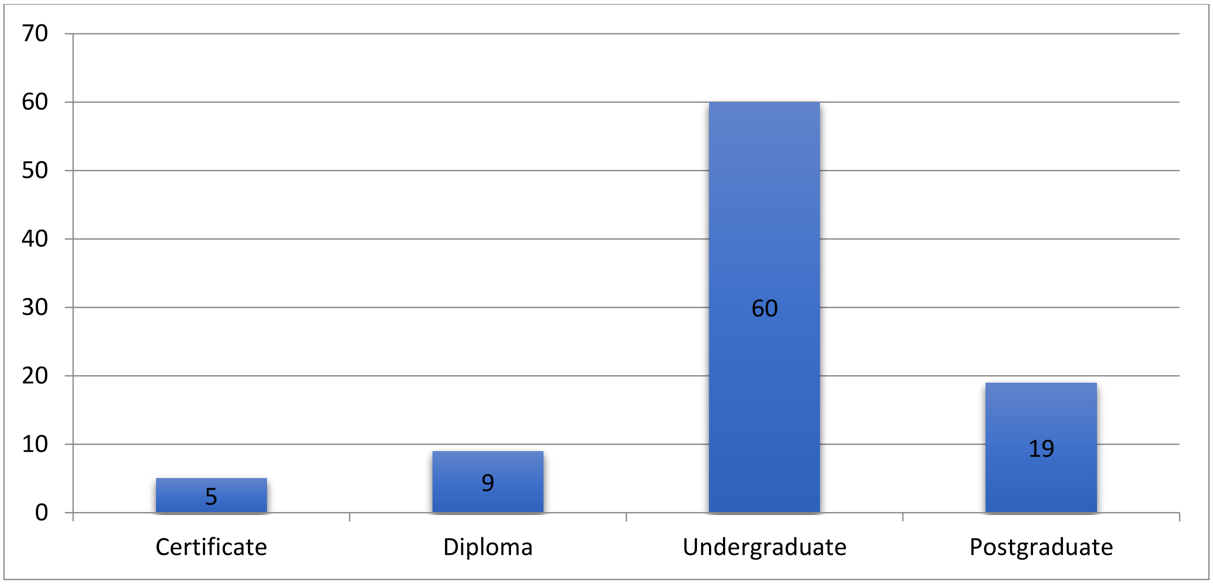

Figure 4. 4: Highest Academic Qualifications

Figure 4.4 reveal that 64.5% of the study participants had university undergraduate degree and accounted for the highest number of the respondents, following by those with post-graduate degrees at 20.4%. Respondents who are diploma holders accounted for 9.7% and respondents having a certificate level in their academic account for 5.4%. These results reveal that all participants had tertiary –level of education and as such they are able to understand and interpretation the research questions and give accurate responses.

4.3.4 Length Working in the Bank

The study participants were to share information on the length of time they had been working at the bank. Figure 4.5 shows the results that the respondents gave.

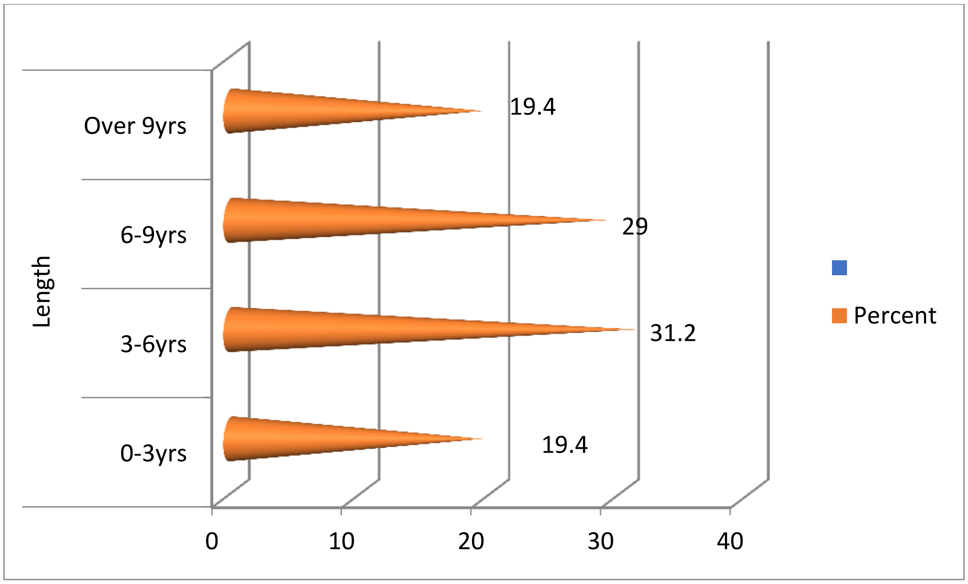

Figure 4. 5: Length Working in the Bank

Figure 4.5 show that most of the respondents held their position within the bank for 3-6 years at 31.2%. Another 29% of the respondents had worked in the bank for a period of 6 and 9yrs and 19.4% had working for 0-3 years and over 9 years. These results mean that these respondents had spent sufficient time working in the bank to understand the workings of the sector and hence will be able to give valuable information on strategic alignment and performance.

4.3.5 Professional Orientation in the Bank

The study sought to understand the professional orientation of the employees working in the commercial banks. The findings are as shown in Figure 4.6

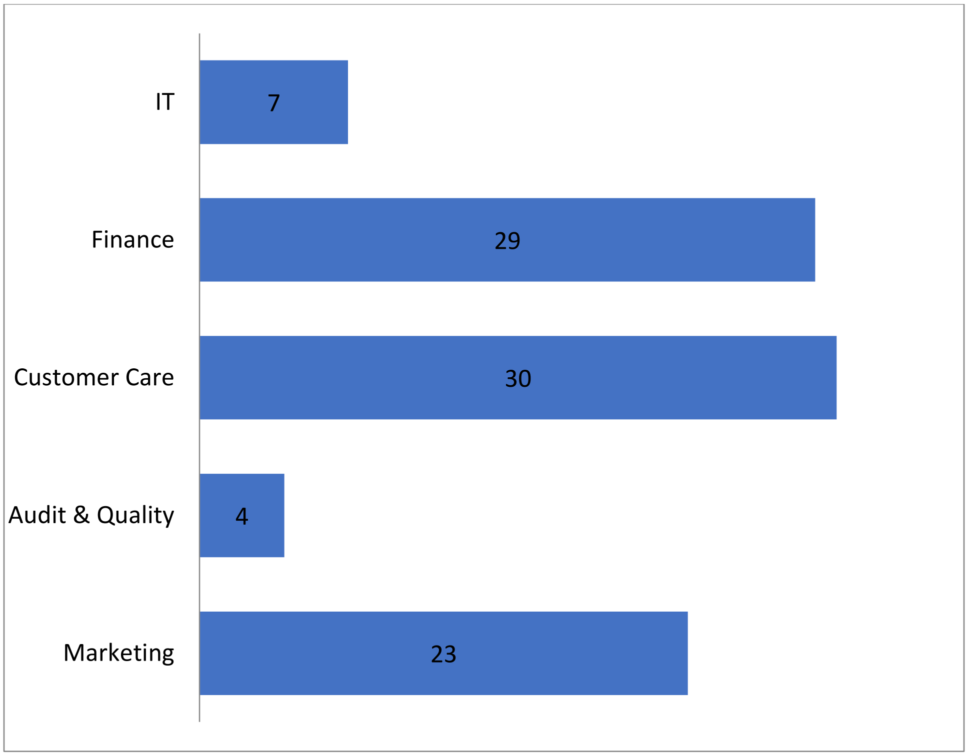

Figure 4. 6: Professional Orientation

The results in Figure 4.6 reveal that majority of the respondents at 32.3% are in customer care, while Finance comes close at 31.2%. Respondents who are in marketing profession account for 24.7% while Information Technology (IT) holds 7.5% of the respondents' profession and audit and quality professionals are only 4.3% of the total respondents in the study. The use of different professions will give depth and variety in the responses obtained from the study hence getting robust answers. It also a representative of the different professions and their responses will be included in formulating study conclusions.

4.3.6 Position held at the Bank

The respondents were asked to state the positions that they held within their banks, and the results are displayed in Figure 4.7

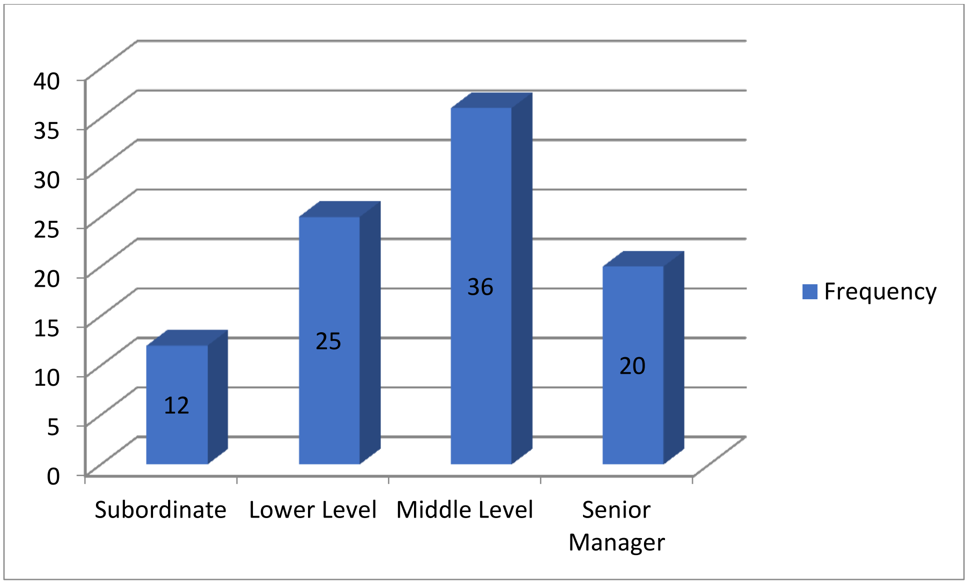

Figure 4. 7: Position held at the Bank

The results in Figure 4.7 indicated that a majority held middle-level and lower level positions in the banks, with the first accounting for 38.7% and the latter lower level position having 26.9%. Senior management staff account for 21.5% of the respondents and subordinate staff are 12.9%. The findings indicate that the respondents are representative of all positions in the banking structure.

4.4 Descriptive Analysis

This study conducted descriptive analysis for each of the study variables and this section presents the findings in means and standard deviation for all the study variables.

4.4.1 Cultural Alignment and Performance

The result of the first variable on cultural alignment is as shown in Table 4. 1

Table 4. 1: Cultural Alignment and Performance

Cultural Alignment	Mean	Std. Dev.
The business culture set up by our bank enables all employees to work smoothly towards attaining optimal performance.	4.8172	.41563
Employees feel a part of the management since the top management is enthusiastic about their work	4.6989	.56693
Our bank share information on new strategies before implementation	4.6989	.50616
Our bank has a clear governance system having rules, regulations, policies and procedures.	4.7957	.40538
The governing principles set by the bank management help to safeguard employee ethics in their work.	4.7527	.48130
Our bank has a well-designed reporting procedure which we all follow	4.7742	.42038
The culture is supportive to achieving set strategies by senior managers.	4.7849	.43861
Overall Score	**4.7603**	**.4620**

Table 4.1 shows cultural alignment had an overall mean score of 4.7603 with standard deviation at .4620 and led to improved organizational performance of the commercial banks. The findings are similar to Owino and Kibera (2019) who stated that organizational culture influences the performance of firms and also leads to attaining sustainable competitive advantage. Spreading and supporting culture had means of 4.7849 and SD of .43861 leading to improved performance. It echoes what Owino and Kibera (2019) shared that clan life, hierarchies at the organization and strong cultural topologies improve organizational performance.

The presence of clear governance system with rules and regulations, policies and procedures that anchor the behaviour of each employee with means of 4.7957 and SD of .40538; the presence of governance principles in the commercial banks with scores of 4.7527 and SD at .48130 allow for the protecting employees and set a standard and balance of operating and having well-laid plans for reporting at the bank that had means of 4.7742 and SD of .42038. These findings are similar to the results found by Kamau and Wanyoike (2018) on cultural balance and its influence on organizational performance, where the researchers share that corporate culture that is anchored on rules, regulations, policies and procedures enables employees to work with ease as they know the boundaries. Ultimately the presence of corporate culture improves organization performance with indicators like high customer satisfaction that is necessary in service-based organizations, high effectiveness and efficiencies and high level of productivity.

Creating cohesion and synergy at the workplace with employees working smoothly together to realize the organizational objective with mean score of 4.8172 and standard deviation of .41563; information sharing especially for new strategies and working methods had mean score of 4.6989 and SD of .50616 and engagement and inclusion of employees in the firm management held mean scores of 4.6989 and SD of .56693. These results are shared by Taye, *et al.* (2019) who shared that organizational culture is based on aspects like socialization process, information sharing and the working environment which significantly influence the performance of the organization.

4.4.2 Structural Alignment and Performance

Descriptive analysis was done on structural alignment and the findings are shown in the Table 4. 2

Table 4. 2: Structural Alignment and Performance

Structural Alignment	**Mean**	**Std. Dev.**
All bank employees understand the values of the bank, goals and objectives at any particular moment in time.	4.7312	.49211
The bank management have instituted a well-defined division of work among the bank staff.	4.7204	.51848
There is smooth coordination of work and activities in the operations in the bank to an extent that everyone is directed towards the goals and objectives of the bank.	4.7312	.51372
The personnel involved in decision-making process in the bank are well empowered to do so on behalf of all employees.	4.6989	.54742
The administration of the bank takes full authority, is responsible and accountable for the performance of the bank.	4.6559	.65100
The working relationship amongst employees is strong and enables everyone in the bank to focus on better performance.	4.6989	.58579
The management engages all employees in constant communication to ensure all strategies are aligned to improved performance.	4.7634	.42727
Overall Score	**4.7142**	**.5336**

Table 4.2 shows the findings of the descriptive analysis on structural alignment. The overall mean score was 4.7142 with the standard deviation at .5336. The commercial banks have a well-defined structure that shows how work is divided amongst the employees and the information is

shared to all concerned parties. Constant communication improves the engagement levels of the employees in the commercial bank as indicated by means of 4.7632 and the SD is .42727. This is also shared by Ogaga and Awino (2019) noting that for organizational structure to influence performance there is need to look at the internal business operations that covers division of labor and communication of work assignments and tasks. A good working environment means that all efforts and concentrated on realizing firm objectives.

The results also show smooth coordination of organizational assignments, work and operations geared towards attaining bank strategies and objectives had means of 4.7312 and standard deviation of .51372. As shared by Muriu (2019) coordination of work tasks as established in the organizational structure lead to highly effective work teams that realize improved productivity. The inclusion of bank staff in the decision making process empowers and motivates them to a mean of 4.6989 and SD of .54742 such sentiments are echoed by Chibueze and Ogbo (2015) who advocates for decentralization of power through participatory decision making that improves staff productivity and firm efficiency. It is easy to implement the strategies and plans that one participated in its formulation, as there is a greater sense of engagement and value.

On the statement on of authority of the bank, findings show that the bank takes full authority and it is accountable for its performance with means of 4.6559 and SD of .65100. as a way of improving the performance of the institution. In their study, Kihara, et al. (2016) shared that manufacturing firms use organizational structure with focus on full control and high control measures based on the value of inputs and cost of operations being high which places a lot of pressure to deliver and realize high productivity. While Malik (2014) advocates for formal organizational structure with set boundaries, operating standards and hierarchal layers that must be abided by everyone so as to improve performance of the organization.

Bank employees understand the values, goals and objectives of the firm scored 4.7312 for its means and .49211 for standard deviation. The aspect is also discussed by Chigozie and Chijioke (2015) who reveal that improving on organizational performance and its efficiency and productivity relies on staff competency that is a result of staff training. The frequency, content and depth of the training is dependent on staff needs and organizational performance standards.

When employees are knowledgeable on firm objective and goal and they receive sufficient training to enhance their competencies then improved performance will be the results.

4.4.3 Technology Alignment and Performance

The results of the third variable that was analyzed using description are shown in Table 4.3

Table 4. 3: Technology Alignment and Performance

Technology Alignment	Mean	Std. Dev.
The bank uses innovative strategy to develop new pathways for performance	4.7527	.45816
Innovative ideas are encouraged and rewarded by the bank	4.7097	.47960
The bank invests in developing new technological ideas as a show of its commitment	4.6452	.58319
The bank ensure staffs can access all facilities to work better	4.6989	.56693
The firm has set a budget for R&D with the money available for use	4.6667	.66485
The departments in the banks are equipped with necessary technology	4.6452	.54464
The installed modern-day banking technology acquired by our bank has brought desirable change that has boosted the operational performance of the bank.	4.6989	.54742
Overall Score	**4.6881**	**.5492**

Source: Survey Data (2021).

Table 4.3 reveals that technological alignment in general had a mean 4.6881 and SD of .5492 in its influence on organizational performance of the commercial banks. The bank has invested in developing new ideas that are based on technologies with means of 4.6452 and SD of .58319 and as a show of its support and commitment to technological advancement, the bank has a budget set aside for research and development with means of 4.6667 and SD of .66485. Chege (2019) reveal the value of investing in new technologies and innovative strategies that enhance the performance of the firm. Investment in modern and advanced technologies allows an organization to exploit the operating environment and turn ahead of the competition in the market or industry.

All innovations and technological ideas are employed in the bank to create pathways that help in attaining the organizational performance at 4.7527 and SD of .45816. The findings are similar to what Laban and Deya (2019) shared that innovations that are market-based improve the performance of organizations. This is due to the ability of creating new products and services that interest the consumers and attracts the market which results in improved organization performance. As the markets keep shifting it is important for organizations to explore new pathways of meeting market needs that will improve organizational performance.

The bank encourages and rewards innovative ideas scored 4.7097 for its mean score and .47960 and these new technological facilities could be accessed by all staff where the mean was 4.6989 and standard deviation of .56693 and that all departments within the bank are equipped with appropriate technologies with means 4.6452 and SD of .54464. Kariuki (2015) talks of technological alignment that improves performance hence advocating for procuring new technologies and using it in the firm. The technological alignment will consider motivating innovators and people who come up with new effective and efficient ways of operating through rewards and usage of the technologies. Holding the same sentiments, Nguyen, Nguyen and Phung (2019) shared that coming up with new innovative products and using the technological facilities will boost the performance of the firm.

These modern-day banking technologies have boosted the bank operational performance such that the mean is 4.6989 and standard deviation of .54742. This is shared by Faruk and Lynn (2016) who revealed that innovation strategies employed by organizations lead to improved performance. As such banking technologies have made service delivery fast and efficient which boosts the ratings of the banks in terms of its performance.

4.4.4 Resource Alignment and Performance

The study analyzed resource alignment and the results are shown in Table 4.4

Table 4. 4: Resource Alignment and Performance

Resource Alignment	Mean	Std. Dev.
Generally, employees can get the resources they need for their work.	4.7527	.45816
The management schedules the activities to be performed in accordance with the available resources.	4.7742	.46925
The management feels they have enough human and knowledge resources, where every employee knows very well what should be done.	4.5376	.58159
The bank has enough financial capabilities to run its activities.	4.5591	.54098
The management strives hard to match bank resources with production, leading to better performance.	4.8065	.42370
The bank managers work to reduce cost linked to resources meant to trigger better performance.	4.7742	.55421
The bank works to tap new upcoming opportunities that can be converted to new business ventures	4.7634	.45200
Overall Score	**4.7096**	**.4971**

The Table 4.4 reveal that the overall score for resource alignment and performance is placed at 4.7096 and the standard deviation score is .4071. On receiving needed resources at the bank the with scores of 4.7527 and SD of .45816; the bank has sufficient financial resources at mean of 4.5591 and SD of .54098 and the management has sufficient human and knowledge resources with means of 4.5376 and standard deviation of .53159. As shared by Ongeti and Machuki (2018) that resources are required for high performance of the state corporations in Kenya. When organizational employees are able to access all the resources that they need to handle their tasks, then it results in improved performance.

In instances where the available resources are limited, the management schedules how it will be used with mean of 4.7742 and standard deviation of .46925 and efforts are made to reduce costs that are attached to resources for higher performance at 4.7742 and SD of .55421. Just like Otulia, *et al.* (2017) who revealed that when an organization has excess resources there is misuse and wastage that reduces organizational performance. The researchers then advocate for scheduling and keeping clear records on usage to avoid wastages and minimize costs so as to perform well.

The bank matches the bank resources with output of the organization and the mean score is 4.8065 and the standard deviation is at .42370 and it is important for the organization to keep attracting staff that can tap on available opportunities and manipulate it for benefits of the business with results showing means of 4.7634 and SD of .45200. In the study on resource alignment and the performance of the SMEs, Murimi, *et al.* (2019) shares that resources lead to improved SMEs performance. The physical resources as well as human resources are important in gaining high organizational performance through exploring the environment and coming up with new innovative products that once disposed earn the firm huge profit margins.

4.4.5 Organization Performance

The descriptive analysis was conducted on the dependent variable of performance and the results are shown in Table 4.5

Table 4. 5: Organization Performance

Performance	Mean	Std. Deviation
Strategic alignment improves customer satisfaction	4.8387	.36979
Strategic alignment improves employee satisfaction	4.7634	.45200
Strategic alignment improves the bank's market share	4.7634	.47544
The bank realized high profits	4.7312	.51372
The bank grown and expanded in the past one year with strategy implementation	4.3656	.94280
The bank uses innovative ways to improve their performance.	4.7204	.55883
The bank managers tap into new uprising opportunities which is converted to business ideas	4.6734	.48200
In the past one year the operational performance has improved	4.7518	.49777
Overall Score	**4.7136**	**.5328**

Findings on Table 4.5 show overall mean at 4.7136 and the SD is .5328 such that strategic alignment led to high customer satisfaction with means of 4.8387 and SD of .36979. Strategic alignment also led to employee satisfaction at means of 4.7634 and standard deviation of .45200 and it led to improved market share at means of 4.7634 and standard deviation of .47544. These is shared by Mbai, *et al.* (2018) who measured performance on basis of customer satisfaction and growth in service delivery as the workers are satisfied with their work assignments and duties.

The respondents also agreed that there is growth and expansion in the bank with means of 4.3656 and .94280 SD, there are also better profits realized at 4.7312 mean and SD of 51372. These measures of performance are echoed by Ongore and Kusa (2013) who revealed that profitability indices, productivity levels and position in the competition show how well or poor an organization is doing. While Muzny and Simba (2019) reveal that it is important to track performance for some time and give feedback as per the results so as to shift strategies when the performance is low or keep innovating under high performance.

The management at the bank has also improved due to innovative new ways with mean of 4.7204 and SD.55883 and the bank management has tapped into new opportunities that have become business ideas that are implemented by the bank, the mean score is 4.6734 and SD .48200 and operational performance has improved at the bank with a mean of 4.7518 and SD of .49777. Muthoni and Kinyua (2020) state that financial performance measures of an organization depends on tapping into newly evolved opportunities and attracting and keeping talented staff that can create new innovative products for sale. Performance is also a measure of market share and profit margins as well as non-financial indicators like customer and employee satisfaction (Gabow & Kinyua, 2020).

4.5 Correlation Analysis

It was conducted and the findings are presented in Table 4.6

Table 4. 6: Correlation Analysis

		Performance	**Cultural Alignment**	**Structural Alignment**	**Technology Alignment**	**Resource Alignment**
Performance	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	93				
Cultural Alignment	Pearson Correlation	.603	1			
	Sig. (2-tailed)	.000				
	N	93	93			
Structural Alignment	Pearson Correlation	.941**	172	1		
	Sig. (2-tailed)	.000	.000			
	N	93	93	93		
Technology Alignment	Pearson Correlation	.900*	.256**	.895**	1	
	Sig. (2-tailed)	.000	.000	.000		
	N	93	93	93	93	
Resource Alignment	Pearson Correlation	.769**	.392**	.730**	.800**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	93	93	93	93	93

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

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

The findings in Table 4.6 reveal the relationship between cultural alignment and performance is positive and significant where r-603 and p-values of 0.000; the linkage between structural alignment and performance is significant and positive with r-941 and p-values of 0.000; technology alignment is positive and significantly link to performance as denoted by r-900 with p-values of 0.000 and resource alignment is significantly and positively correlated to performance with r-769 and p-values of 0.000

According to the recommendations made by Huber (2004) who made this interpretation of results from linear relationship with categorization of the results as weak or moderate or strong. The results categorized as weak they have ranges of from ± 0.10 to ± 0.29, moderate correlation ranges from ± 0.30 to± 0.49 and strong correlation is where r- values range from ± 0.5 to ± 0.9. By following this categorization, the findings show a strong and significant relationship between the study variables. Structural alignment had the strongest and highest correlation to performance of the bank; the second is technological alignment, then resource alignment and the last is cultural alignment.

4.6 Regression Analysis

Regression analysis was done to evaluate strategic alignment and its effect on performance. This section presents the results for regression analysis, the model summary, ANOVA and regression co-efficient.

4.6.1 Model Summary

Table 4.7 presents the model summary findings which shows the results of coefficient of the correlation and coefficient of determination.

Table 4. 7: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.756[a]	.508	.642	8.84161

a. Predictors: (Constant), Resource Alignment, Structural Alignment, Technology Alignment, Cultural Alignment

The findings from Table 4.7 show that coefficient of correlation is at 0.756 that indicates a strong positive correlation while the adjusted coefficient of determination is 0.642. The findings show that 64.2% of the variations in the dependent study variable of performance can be traced back to the independent variables of study, which includes cultural alignment, structural alignment, technological alignment, and resource alignment. The residual effect of 35.8% can be explained by other strategic alignments that this study scope did not consider and is excluded from its limits.

Strategic alignment account for 64.2% of organizational performance in the commercial banks and the focus elements include cultural, structural, technological and resource alignment in the commercial banks in Nyeri County. The R value is 0.756 showing that the relationship between the variables is strong and positive. These findings are supported by Alagaraja and Shuck (2015) who stated that strategic alignment is about creating a fit between the strategy and other institutional factors like culture, structure and resources so as to influence the performance of the organization. Implementation of the strategic alignment and access to superior technologies, resources like finances and human capacity and open structure and permissive culture can set one firm above the other competitors in the market and the industry.

4.6.2 ANOVA

ANOVA analysis was conducted in the study at 5% significance for comparison purpose between F values for $F_{Calculated}$ and $F_{Critical}$. The results of the analysis are shown in Table 4.8

Table 4. 8: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1803.671	4	450.918	5.768	.000[b]
	Residual	6879.319	88	78.174		
	Total	**8682.989**	**92**			

a. Dependent Variable: Performance

b. Predictors: (Constant), Resource Alignment, Structural Alignment, Technology Alignment, Cultural Alignment

The results of Table 4.8 show that $F_{Calculated}$ was 5.768 and $F_{Critical}$ was 2.475 (the degree of freedom being 4, 88). This shows that $F_{Calculated}$ is greater than $F_{Critical}$; this is an indication of that the overall regression model is a good fit for estimating how the independent variable of strategic alignment interacts with dependent variable of organizational performance. Further results show the p-values are 0.00 and it is less than the declared standard level of 0.05 meaning that at one of the independent variables holds a significant influence on dependent variable of organizational performance of the commercial banks in Nyeri County.

4.6.3 Regression Coefficients

The study conducted regression coefficient to determine how each individual strategic alignment influences the performance of commercial banks. The generated results are in Table 4.9

Table 4. 9: Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	13.192	3.392		.257	.000
	Cultural Alignment	1.171	.424	.113	2.362	.005
	Structural Alignment	.929	-1.703	.548	1.833	.000
	Technology Alignment	.807	.725	.225	.899	.036
	Resource Alignment	.574	1.859	.524	3.240	.002

a. Dependent Variable: Performance

The resultant equation becomes:

Y = $13.192 + 1.171X_1 + 0.929 X_2 + 0.807X_3 + 0.574 X_4$

Where Y is the performance of the commercial banks and X_1 = Cultural Alignment, X_2= Structural Alignment, X_3= Technological Alignment and X_4= Resource Alignment

Table 4.9 show that when holding all variables constant the performance of the commercial banks will be at 13.192 and a unit increase in cultural alignment when all other strategic alignment factors are constant, commercial banks performance will be held at 1.171.When there is a unit increase in structural alignment, the performance of the banks will be held at 0.929 and a unit increase in technological alignment when other factors are constant result in commercial banks performance being at 0.807 and when resource alignment increase by a unit and other factors are constant, the performance of the commercial banks will be 0.574.

The p-value for cultural alignment was $0.005 < 0.05$ an indication that the variable has a significant influence on performance of the banks. The findings are shared by Owino and Kibera (2019) who revealed that cultural alignment significantly and positively impacted the performance of the micro-finance institutions. Cultural alignment was based on clan life, hierarchal scheme at the workplace and strong cultural topologies. The same sentiments were echoed by Taye, *et al.* (2019) sharing that organizational culture that was showcased in terms of environment, leadership, strategies, information sharing and socialization led to improved organizational performance.

Structural alignment had p-values of $0.000 < 0.05$ revealing that the variable significantly influenced commercial banks performance. These findings are similar to what Ogaga and Awino (2019) exhibited that organizational structure covering aspects like internal business environment, customer management strategy and corporate strategy influenced performance of the firms to a significant extent. Similarly, Kihara, *et al.* (2016) revealed that the influence of organizational structure was significant and positive to manufacturing firms' performance. Many of the manufacturing companies advocated for structures where control, power and authority were tightly held by the managers in an effort to improve efficiency, effectiveness and productivity of the firms.

The p-value for technological alignment was $0.036 < 0.05$ an indication that the variable has a significant influence on performance of the commercial banks. The findings are also shared with what Laban and Deya (2019) shared on technological innovation and alignment and performance of then ICT firms within Nairobi County. The technological innovations are based on process, product and market innovations that align the strategy of the firm and organizational performance. Chege (2019) found out that the performance of the enterprises was strongly influenced by technology and innovative strategies and Kariuki (2015) noted that technology alignment led to higher performance of the telecommunication firms in Kenya and pushed for more investment in the technologies so as to continue enjoying high performance.

Resource alignment had a significant influence on performance of the commercial banks based on the p-values of $0.002 < 0.05$ which is similar to the results of the study conducted by Murimi, *et al.* (2019), that revealed that physical resources in an organization positively and significantly influence performance of the manufacturing SME firms. Ongeti and Machuki (2018) shared that resources both tangible and intangible and human capital influence organizational performance.

4.7 Qualitative Data

The respondents were asked to describe the business culture in their bank. The respondents shared that adhocracy culture was deeply rooted within the bank and it helped in focusing the bank employees on the development of innovative products and efficient processes and strategies. At the same time, openly sharing information on bank operations is encouraged that lead to high performance of the entire bank. Another respondent shared that using marked culture pushes the bank to prioritize on profits and all its objectives and processes are aimed at profit making. The clan culture allowed the banking institution to be people focused and hence making the workplace and its workforce feel like family. The competitiveness is limited and everyone works in groups to deliver the agenda of the bank. There is establishment of team-oriented culture such that bank employees are categorized into departments and smaller work teams that result in happy and satisfied employees. The sentiment were revealed by Taye, *et al.* (2019) who noted that strong organizational culture seen through elements like the working environment, leadership style and format, strategies, information sharing and socialization led to improved organizational performance.

Hierarchal culture is also employed in the banks since they are commercial enterprises that operate on profit-making basis. This type of culture focused on holders of command, power and authority and serves as a motivation for junior and subordinate staffs to work hard to reach positions of authority within the bank. The decisions made by the bank leaders push the other staff to attain the set targets that positively influence overall organizational performance. This is in-line with what Owino and Kibera (2019) found that improved performance in the MFIs was based on cultural alignment with merits like clan life, hierarchal scheme at the workplace and strong cultural topologies.

On the question on bank structure, the respondents were asked to explain their thoughts on how it enabled the firm to attain its performance goals. The respondents agreed that the bank structure has a good communication system that allows information sharing and giving of feedback that improves the performance. Communication reduces instances of confusion which might reduce work output and the feedback is prompt to cut down on delayed response. The respondents also agreed that the structure allows for breakdown of organizational goals into small assignments that work to deliver the overall goal and the corporate objective. The constant consultations allow the top management to include the views of the junior staffers in bank's operational strategy. Similar thoughts were shared by Ogaga and Awino (2019) revealing that organizational structure based on internal business operations and its division of labor and communication of work assignments and tasks resulted in improved organizational performance.

The respondents also mentioned that the bank internal structure is based on division of work, such that upon employment, the new employee is placed in a department, bank branch and work team. The clarity in defining work position, station and duties ensures that the bank goal is attained. Furthermore, the inclusivity and participation in decision making empowers all bank employees to feel part of the organization and that their thoughts are valued, this works to motivate bank staff to deliver on their tasks that works towards attaining the organizational objectives. Similarly, Malik (2014) advocates for formal organizational structure with set boundaries, operating standards and working in teams or groups to deliver the strategy and objective of the firm.

On technology alignment, the respondents were asked to share their thoughts on it usage and how it enables the attainment of the bank's targeted performance. The majority of the respondents agreed strongly that using technologies helps cut down the turn-around time on responses to customer requests and handling different operations at the workplace. The use of current banking technologies has helped bank staff to quickly and accurately deliver quality services to the clients which results in high rate of customer satisfaction. For instance, bank clients can apply for short-term loans and get the money within a few minutes using modern-day banking technologies. Sharing the same thoughts, Kariuki (2015) talks of technological alignment that improves performance hence advocating for procuring new technologies and using it in the firm. The organization's leadership should make plans to invest in technologies that eases operations and improves work output.

The use of technologies allows the bank to deliver innovative products to the market and innovate strategies improves operations of the bank leading to higher quality service delivery and staying ahead of competing financial institutions. The respondents also mentioned that bank employees have embraced the new technologies and has seen increased performance like the use of social media to market the bank products which has received positive feedback. The bank leadership has equally embraced online marketing that has a far-reach to the consumers who are connected on different digital platforms. While Laban and Deya (2019) shared that innovations that are market-based improve the performance of organizations. The technologies help in coming up with innovative products and services as per client needs and preferences; it also works in a way to explore new ways of meeting the market needs resulting in improved productivity.

The respondents were asked to share their thoughts on bank resources and its alignment for bank performance. The responses shared reveal that the resources were spent on research to gain information on customer wants and possible solutions that will elevate the bank position and its performance. The respondents also shared that the bank has talented staff as part of its human resource that tap on new opportunities and products to improve customer service and enhance customer satisfaction. Ongeti and Machuki (2018) describe the value of intangible resources and human capital to the realization of high performance and availability of tangible assets to employees when handling organizational tasks.

The respondents agreed that the bank invests in tailor-made goods to suit the needs of the customer like the use of online banking services for digital-savvy customers or very busy customers who lack time to visit the banking halls. The bank has invested in alternative banking service like mobile and internet banking and easy transfer of cash as way of cutting down on operational expenses and improving returns on investment and income earning. Similar thoughts were shared by Otulia, *et al.* (2017) who revealed that using alternative operational procedures can help in cutting costs which has a positive impact on output.

The respondents of the study were asked to describe the current bank performance and measures that will lead to additional performance. The majority shared that top bank leadership has been keen on communicating the mission, vision and goals of the bank and making strategies to deliver the same by dividing assignments to each staff. The staffs have annual targets that are broken down into semi-annual, quarterly and monthly targets that are geared to delivery of the overall organizational goal. Muzny and Simba (2019) advocates for breaking down the overall objective into small tasks and tracking the attaining of each objective that leads to high outcomes.

The respondents agreed that the introduced trade finance products has reduced risks for the bank and increased its profit margins. The trade finance products has led to growth of the bank and expanded its market share. Further response show that by cutting down on operational costs and overhead expenses the profit margins for the bank has increased and with additional investment in alternative banking options, the bank projects more returns in future. Gabow and Kinyua, (2020) reveal that performance indicators for profit making organizations include measures like market share and profit margins and also the use of non-financial measures like employee and customer satisfaction.

The customer-based service delivered and products that are solution-based allowed the bank to attain high customer satisfaction rates and use of qualified and talented employees will continue delivering the same even in the future. The investment in research enables the bank to deliver innovative goods, meeting the clients needs and aggressively marketing the bank products increases the awareness and uptake of the bank services and products, thus increasing the market share and growth and expansion. The sentiments are shared by Ongore and Kusa (2013) stating that when all inputs and efforts have been made in the operation and functions of the organization, it is then paramount to measure performance and production levels either by comparison with set targets or competitors.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

Chapter five present summaries of findings of this research, it has sections that discuss the conclusions drawn basing it on the core purpose of undertaking this research and shares the recommendations from the study.

5.2 Summary

This study focused on investigating strategic alignment effect on performance of commercial banks in Nyeri County, Kenya. The specific objectives included cultural alignment structural alignment, technological alignment and resource alignment. The study employed the descriptive research design when conducting the research within the 14 commercial banks in Nyeri County.

The study established that cultural alignment positively and significantly affected the performance of the commercial banks from conducting correlation analysis and the results gotten for r values and the p-values. Cultural alignment elements cover information sharing, engagement and participation in all bank activities and decision making, governance system, reporting procedure in the bank and support from colleagues and top management.

It was also established that structural alignment positively and significantly affected the overall performance of the bank, with correlation analysis showing that structural alignment led to improved bank performance. Structural alignment considered aspects like defined division of labor and assigned tasks, sharing the mission, vision and goal of the bank, the decision making procedure, coordination of work, communication channels that ensure flow of information and authority and administration of bank operations.

The study established that technological alignment positively and significantly affected the performance as seen by the r values and p-values from the conducted correlation analysis.

Technological alignment with elements like innovative strategies, investments made for new technologies, equipping the bank with appropriate technologies, access to new technologies and use of modern-day banking technologies led to high performance of the commercial banks. Rewarding innovators and employees who come up with innovative ideas and usage of technologies in operations also improved bank performance.

The study further established that resource alignment had a significant and positive impact on performance basing on results from correlation analysis. Resource alignment considers employees accessing all the resources needed to handle work tasks, financial capabilities of the bank, access to talented human capital, matching bank resources to production lines and planning and scheduling for resources and cutting operational costs.

5.3 Conclusion

Commercial entities operate with the main agenda of high performance with the core of all its operations and decisions geared towards that. High performance is measured in terms of returns, productivity, customer satisfaction and attacking and retaining talented employees that deliver on the corporate goals. In an effort to improve performance, the commercial banks in Nyeri County have adopted strategic alignment with components like cultural alignment, structural alignment, technological alignment and resource alignment.

These aspects of strategic alignment have led to improved performance through a culture of information sharing and wholesome participation in all operations and functions of the bank. The leadership equally supports the employees and engage them in strategy development by seeking their views. The banking structure has a formal way in division of labor, assigning and coordinating work tasks and having open communication channels that allow instructions and feedback to flow in the organization.

The bank has realized improved performance with aspects like high customer satisfaction and efficiency in bank operations based on technological alignment through using of modern-day banking technologies, equipping the bank branches with appropriate technologies that can be accessed and used by bank employees. The study also concludes that the realized high performance is based on the commercial banks adopting to resource alignment with elements like financial capabilities, talented human capital and cutting operational and overhead costs.

5.4 Recommendations for Policy and Practice

The study implication is such that strategic alignment with aspects of cultural alignment, structural alignment, technological alignment and resource alignment significantly affected the banks performance. Thus, recommendation made is for employment of strategic alignment by other commercially-based organizations for purposes of improving their performance. The organizations must employ structural alignment as it had the strongest effect on performance of the bank and in turn it will also positively affect their performance. Structural alignment encompasses elements like division of labor, communicating on corporate strategy and objective, coordination of work, administrative system and participatory decision making.

Technological alignment was rated as second in its effect on performance, therefore suggesting that other organizations adopt its use to help in operational efficiency, cutting operational costs, high quality service delivery and coming up with innovative products and strategies. The study also recommends the use of resource alignment with the elements like highly talented human resource, financial resources and access to physical resources by other organizations so as to improve firm performance. On cultural alignment, the study recommends its adoption through clan life, information sharing, open communication system and support and participation in formulating strategies and making decisions to improve the performance of the organization.

5.5 Suggestions for Further Research

The study covered only commercial banks in Nyeri County thus the findings may be as a result of the background effect hence the need to carry out other studies in different regions and also other sectors apart from financial sector like hospitality, education institutions, manufacturing sector and agricultural based companies.

The findings of adjusted coefficient of determination was found to be 0.642 meaning that 64.2% variation of performance in the commercial banks was traced back to independent variable of strategic alignment. Future studies should then focus on the residual effect of 35.8% of alignments that account performance in the commercial banks that remained unexplained in this study.

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APPENDICES

Appendix A: Research Questionnaire

PART I: INTRODUCTION LETTER

Dear Respondent,

My name is Martin Kimathi Muthaura an MBA (Strategic Management Option) student at Kenyatta University. I am doing a research on: **Strategic Alignment and Performance of Commercial Banks in Nyeri County, Kenya** as part of my course work. I kindly request you to participate in the study and the honest responses that you give will be used for academic purpose only.

Thank you and your cooperation is highly valued.

Yours Faithfully,

Researcher: Martin Kimathi Muthaura

Sign _______________ Date______________

Supervisor: Dr. Godfrey Kinyua

Sign ______________ Date_______________

PART II: Respondent's Demographic Information

<u>Instructions</u>: kindly answer all questions in the space provided and do not write your name. The information will be used for this research study only and will be handled with confidentiality. Tick against your responses

1. Gender?
   Male (1) Female (2)

2. Age

   21-30 years ( )
   31-40 years ( )
   41-50 years ( )
   Above 50 years ( )
3. Indicate your highest academic qualification
   Certificate ( )
   Diploma ( )
   Undergraduate ( )
   Postgraduate ( )
   Other ( )

4. Indicate the length that you have been working in this bank?
   0-3 years ( )
   3-6 years ( )
   6-9 years ( )
   Over 9 years ( )

5. Indicate your professional orientation in the bank?
   IT ( )
   Finance ( )
   Customer Care ( )
   Audit & Quality ( )
   Marketing ( )
   Other ( )

6. State the position you hold at the bank?
   Subordinate ( )
   Lower Level ( )
   Middle Level ( )
   Senior Manager ( )

PART III: SPECIFIC INFORMATION

Section A: CULTURAL ALIGNMENT

7. Indicate the extent to which cultural alignment influences performance in your bank using the scale where 1 is strongly disagree, 2 is disagree, 3 is neutral, 4 is agree and 5 is strongly agree.

Business Cultural alignment	**1**	**2**	**3**	**4**	**5**
The business culture set up by our bank enables all employees to work smoothly towards attaining optimal performance.					
Employees feel a part of the management since the top management is enthusiastic about their work					
Our bank share information on new strategies before implementation					
Our bank has a clear governance system having rules, regulations, policies and procedures.					
The governing principles set by the bank management help to safeguard employee ethics in their work.					
Our bank has a well-designed reporting procedure which we all follow					
The culture is supportive to achieving set strategies by senior managers.					

8. In your own words, describe the business culture in your bank, that you think helps your bank to perform well.

Section B: STRUCTURAL ALIGNMENT

8. On organizational structural alignment and influence on performance in your bank, indicate the extent to which you agree on this statements where 1 is strongly disagree, 2 is disagree, 3 is neutral, 4 is agree and 5 is strongly agree.

Structural alignment	1	2	3	4	5
All bank employees understand the values of the bank, goals and objectives at any particular moment in time.					
The bank management have instituted a well-defined division of work among the bank staff.					
There is smooth coordination of work and activities in the operations in the bank to an extend that everyone is directed towards the goals and objectives of the bank.					
The personnel involved in decision-making process in the bank are well empowered to do so on behalf of all employees.					
The administration of the bank takes full authority, is responsible and accountable for the performance of the bank.					
The working relationship amongst employees is strong and enables everyone in the bank to focus on better performance.					
The management engages all employees in constant communication to ensure all strategies are aligned to improved performance.					

10. Do you think the way your bank is structured can enable the firm to accomplish the desired performance goals? If yes, briefly explain.

Section C: TECHNOLOGY ALIGNMENT

11. Indicate to what extent does technology alignment influence performance in your bank, where 1 is strongly disagree, 2 is disagree, 3 is neutral, 4 is agree and 5 is strongly agree.

Technology alignment	1	2	3	4	5
The bank uses innovative strategy to develop new pathways for performance					
Innovative ideas are encouraged and rewarded by the bank					
The bank invests in developing new technological ideas as a show of its commitment					
The bank ensure staffs can access all facilities to work better/faster					
The firm has set a budget for R&D with the money available for use					
The departments in the banks are equipped with necessary technology					
The installed modern-day banking technology acquired by our bank has brought desirable changes that has boosted the operational performance of the bank.					

12. In your own words, explain how you think the technology alignment of your bank enables the bank to achieve targeted performance.

Section D: RESOURCES ALIGNMENT

13. Indicate to what extent does resources alignment influence performance in your bank, where 1 is strongly disagree, 2 is disagree, 3 is neutral, 4 is agree and 5 is strongly agree.

Resources Alignment	**1**	**2**	**3**	**4**	**5**
Generally, employees can get the resources they need for their work.					
The management schedules the activities to be performed in accordance with the available resources.					
The management feels they have enough human and knowledge resources, where every employee knows very well what should be done.					
The bank has enough financial capabilities to run its activities.					
The management strives hard to match bank resources with production, leading to better performance.					
The bank managers work to reduce cost linked to resources meant to trigger better performance					
The bank works to tap new upcoming opportunities that can be converted to new business ventures.					

14. Do you believe that all the resources in your bank are aligned towards enabling the bank to hit the targeted performance in the next financial year? If yes, briefly explain.

Section E: ORGANIZATION PERFORMANCE

15. Indicate the performance levels at your bank, using the 5-point Likert

Organizational Performance	**1**	**2**	**3**	**4**	**5**
Strategic alignment improves customer satisfaction					
Strategic alignment improves employee satisfaction					
Strategic alignment improves the bank's market share					
The bank realized high profits					
The bank grown and expanded in the past one year with strategy implementation					
The bank uses innovative ways to improve their performance					
The bank managers tap into new uprising opportunities which is converted to business ideas					
In the past one year the operational performance has improved					

16. In your own words, describe how the bank has succeeded to attain the current performance, and how it intends to realize additional performance.

Appendix B: List of Selected Commercial Banks in Nyeri County

1	Jamii bora Bank
2	Standard Chartered
3	Sidian Bank
4	Kenya Commercial Bank
5	Equity Bank
6	Diamond Trust Bank
7	Cooperative Bank
8	Barclays Bank
9	Investment and Mortgages (I&M) Bank
10	Eco Bank
11	Family Bank
12	National Bank
13	Housing Finance Bank
14	Consolidated Bank

Source: Nyeri County Business Registry

APPENDIX C: APPROVAL OF RESEARCH PROJECT PROPOSAL

KENYATTA UNIVERSITY
GRADUATE SCHOOL

E-mail: dean-graduate@ku.ac.ke

Website: www.ku.ac.ke

P.O. Box 43844, 00100
NAIROBI, KENYA
Tel. 810901 Ext. 4150

Internal Memo

FROM: Dean, Graduate School

DATE: 4th February, 2021

TO: Martin Kimathi Muthaura
C/o Business Administration Dept.

REF: D53/OL/EMB/25840/2018

SUBJECT: APPROVAL OF RESEARCH PROJECT PROPOSAL

This is to inform you that Graduate School Board at its meeting of 27th January, 2021 approved your Research Project Proposal for the M.B.A Degree Entitled, **Strategic Alignment and Performance of Commercial Banks in Nyeri County, Kenya"**

You may now proceed with your Data Collection, Subject to Clearance with Director General, National Commission for Science, Technology and Innovation.

As you embark on your data collection, please note that you will be required to submit to Graduate School completed supervision tracking and progress report forms per semester. The forms are available at the university's website under Graduate School webpage downloads.

Thank you.

ANNBELL MWANIKI
FOR: DEAN, GRADUATE SCHOOL

c.c. Chairman, Business Administration Department.

Supervisors:

1. Dr. Godfrey Kinyua
C/o Department of Business Administration
Kenyatta University

AM/lnn

APPENDIX D: RESEARCH AUTHORIZATION

KENYATTA UNIVERSITY
GRADUATE SCHOOL

E-mail: dean-graduate@ku.ac.ke

Website: www.ku.ac.ke

P.O. Box 43844, 00100
NAIROBI, KENYA
Tel. 8710901 Ext. 57530

Our Ref: D53/OL/EMB/25840/2018

DATE: 4th February, 2021

Director General,
National Commission for Science, Technology
and Innovation
P.O. Box 30623-00100
NAIROBI

Dear Sir/Madam,

RE: RESEARCH AUTHORIZATION FOR MARTIN KIMATHI MUTHAURA - REG. NO. D53/OL/EMB/25840/2018

I write to introduce **Martin Kimathi Muthaura** who is a Postgraduate Student of this University. The student is registered for M.B.A degree programme in the **Department of Business** Administration.

Martin intends to conduct research for a M.B.A Project Proposal entitled, **"Strategic Alignment and Performance of Commercial Banks in Nyeri County, Kenya".**

Any assistance given will be highly appreciated.

Yours faithfully,

PROF. ELISHIBA KIMANI
DEAN, GRADUATE SCHOOL

AM/lnn

APPENDIX E: RESEARCH PERMIT

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Ref No: 123889

Date of Issue: 11/February/2021

RESEARCH LICENSE

This is to Certify that Mr.. Martin kimathi muthaura of Kenyatta University, has been licensed to conduct research in Nyeri on the topic: Strategic alignment and performance of commercial banks in Nyeri county, Kenya for the period ending : 11/February/2022.

License No: **NACOSTI/P/21/9053**

123889

Applicant Identification Number

Director General
NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

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