RESPONSE STRATEGIES AND PERFORMANCE OF KENYA COMMERCIAL BANK IN KENYA

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A RESEARCH PROJECT SUBMITTED TO THE SCHOOL OF BUSINESS IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF DEGREE OF MASTER OF BUSINESS ADMINISTRATION (STRATEGIC MANAGEMENT) OF KENYATTA UNIVERSITY

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DECLARATION

I declare that this research project is my original work and it has not been submitted for the award of any degree or diploma in any other institution. No part of the project should be reproduced without the authority of the author and/or Kenyatta University.

26th April 2021

Signature______________________________ Date ___________________________

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This research project is submitted for examination with my approval as the appointed university supervisor.

26th April 2021

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DEDICATION

My wife, my son and my parents I do dedicate this project to you all.

ACKNOWLEDGEMENT

I honestly acknowledge Dr. Godfrey Kinyua for the effort he put through guiding and supporting me as the project's supervisor to see the successful end of this process. Without his assistance, this proposal would not have been successful. I'd like to take this opportunity to thank my friends for inspiring me and any kind of assistance they offered either directly or indirectly. I must say that I really enjoyed the support from the Kenyatta university staff and I am grateful for the opportunity to conduct this research as a demonstration of knowledge acquired as I was pursuing my course. I cannot fail to acknowledge other people who in one way or the other contributed to the realization of this research project without these acknowledgements.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

ABBREVIATIONS AND ACRONYMS

AMOS	Analysis of a Moment Structures
CBK	Central Bank of Kenya
EDC	Electricity Distribution Company
ERMS	Enterprise Risk Management Strategies
HRM	Human Resource Management
IT	Information Technology
KCB	Kenya Commercial Bank
Ksh	Kenya Shillings
SEM	Structural Equation Modeling
SME	Small and Medium Enterprises
SPSS	Statistical Package for Social Sciences
US	United States

OPERATIONAL DEFINITION OF TERMS

Enterprise Risk Management Strategy	Process of mitigating the impact of risk on an organization's resources and profits, the process of planning, coordinating, leading, and managing its operations
Investment Strategy	Decisions made by investors and fund managers in generating returns in accordance with their investment strategy or style, such as how to divide funds between various asset classes.
Organizational Performance	A situation where the level of firm output is measured based on the input done.
Response Strategy	Kenya Commercial Bank used this approach to adapt to the ever-changing world in which they operate.
Retrenchment Strategy	The process of aggressively cutting costs in ways that have an impact to the organizations operations and revenue.
Strategic Outsourcing	Engaging the expertise of a third-party contractor to handle critical activities that would otherwise be handled by in-house staff.

ABSTRACT

The majority of an organization's superior success stems from a strategic decision that places the company in a stronger position within the market structure. Owing to the high competition presented by other commercial and non-commercial banks, the bank has faced challenges as a result of the effects of the dynamic climate. Kenya Commercial Bank acquired profit after taxation at Ksh 19.7 billion in the year 2017 comparing the one the bank got in the years 21.6 which was Ksh. 19.72. Low interest rates, increased fees and commissions due to the usage of digital media, a downturn in economic development, and political unrest in the country are all factors contributing to the decline. As a result, in order to thrive in this complex climate, KCB must plan ahead for various response strategies. In this case the study purposely investigated how Kenya Commercial Bank's performance in Kenya was influenced by response strategies. The study had a specific focus on how Kenya Commercial Bank's performance in Kenya was influenced by retrenchment strategy, investment strategy, enterprise risk management and strategic outsourcing. Theories including; the theory of efficiency, Taylor's scientific management theory and resource based view theory anchored the study. The design employed was descriptive research. The study's population constituted of 130 respondents who were sampled from various departments of the bank using stratified technique and selected using simple random techniques. The tool involved in the collection of data was questionnaire. The validity and reliability was ensured through piloting 10 respondents. Analysis of quantitative data involved mean and standard deviation while themes were used in analysing qualitative data. Testing of how the variables related followed utilization of multiple regressions. It was found performance was positively and significantly influenced by retrenchment strategy, investment strategy, enterprise risk management strategy and strategic outsourcing positively. It was concluded that retrenchment strategy is a cost management strategy; withdraws products or services from the market and reduces the size of competition. The investment strategy of the Bank is designed around the risk-return tradeoff of the investor and serves as a guide to entering and selecting portfolio for investment. Enterprise risk management allows the Bank to cope with volatility and related danger and opportunity in a practical manner, thus increasing brand equity and profitability. Strategic outsourcing allows the bank to focus more on core business activities, enabling staff to concentrate on their primary duties and the bank's long-term plan. The study recommended that the bank managers should develop the best strategies to down size workers and cutting costs to reduce work related stress. Managers of the bank should increase financial capacity efforts that can aid in adopting unique services and goods and services together with maintenance of healthy habits such as loan repayment and investment commitment. The bank's management should be aware of their strategic risks, as well as how they are being managed and monitored, and the bank should hire people who share their beliefs and believe in the bank's mission and vision.

CHAPTER ONE: INTRODUCTION

1.1 Background to the Study

The way in achieving corporate objectives, businesses have found it important to engage in strategic thinking in recent years (Berry, 2017). According to Machuki and Aosa (2016), strategic management's main concern has been how to boost firm efficiency and effectiveness over time. The authors go on to say that how companies match competitive strategies and their ultimate success is determined by the changes and predictability in the external market climate in which they work. Since businesses must balance the volatility in the marketplace with their aggressiveness, the choice of strategic strategies is partly dictated by the competitive forces in the market.

According to Pearce and Robinson (2012), an organization's effectiveness is measured by how well it responds strategically and its aggressive in line with turbulent environment. As a result, it is clear that for companies to thrive in a volatile world, matching of strategies must be ensured linking the requirement of the environment and the intended purpose of the firms which must be well blended with a suitable fit linking the demands of the firm and what can be offered by the environment. According to Rust and Oliver (2014), providing high-quality services is a key factor in improving organizational efficiency in a globalized sector. Organizational management uses service quality as a lever to gain a competitive edge by understanding how consumers view their services.

The key goals that business organizations should aim for are gaining a competitive edge and improving organizational efficiency in comparison to their rivals (Raduan, Jegak, Haslinda & Alimin, 2016). Due to its scale, breadth of operations, and need to incorporate stakeholder views and requirements, a commercial bank can use a more formal strategic management model. According to Kunhui, Shen, and Tan (2017), one of the top priorities of an organization's top management team should be to find and implement successful response strategies in order to succeed in various competitive situations.

According to Pearce and Robinson (2012), organizations must adapt to their climate in a move to achieving what it intends to. Because of the dynamism of the world, the company has had to continually rethink its tactics in order to stay competitive. According to Acur and Englyst (2016) a strategic challenge arises when a company fails to effectively adapt to its environment. A disparity between what the company provides and what the market demands can reveal such an issue. To succeed in an industry, a company ought to choose a strategic behavior approach that corresponds to the degree of turbulence in the environment and create a resource capability that supports the chosen mode.

According to Aremu and Oyinloye (2014), in order for the banking industry in Nigeria to prosper in this modern era, it is essential for such organizations to fully embrace appropriate strategic response management. As a result, these banks must adapt more quickly, better monitor costs, adopt technological changes, and take a more constructive approach to strategic management. Measurement of organizational efficiency, according to Aremu and Oyinloye (2014), is an important feature of operational activities that managers of an organization should not overlook. It is a realistic way of determining the need for improvement as well as a method of being accountable to an organization's stakeholders.

According to Lengwa (2016), commercial banks' performance in Kenya is a main consideration when formulating and implementing financial institution response strategies, while financial resources are a determining factor in response strategy implementation and propose that managers be involved in the development of business strategies in response to evolving business environments, as well as be given sufficient decision-making authority in the execution of those strategies. As a result, it could be argued that the vast number and variety of business strategy decisions needed to strategize and execute a service are taken at various levels in the enterprise, from the strategic to the operational and service encounter levels.

1.1.1 Organizational Performance

Performance of an organization linking indicators of monetary together with the non-monetary to offer information based on what the organization has set to achieve (Olagunju & Obademi, 2012). According to Parmenter (2015) calculation of the performance of a firm should be on what the organization has gained from investment and the profit acquired as well as the level of the market they have attained. Qualitative as well as the quantitative measures must also be factored in. In this case, performance can be said to factor aspects in financial and non-financial of the firm.

Performance entails the firm's real output which is calculated based on what the firm had purposed to achieve (Bennett, Lance and Woehr, 2014). Burke and Litwin (2012) indicate endorsement of firm's performance takes a procedural point of view in which it focuses processes within the organization in the quantification how effective and efficient it sets its metrics. Inclusion of how the organization performs is conceptualized in relation to the quality of the service and products, the extent to which customers are satisfied, how the firm performs in the market, being innovative in its services and how it relates with its employees.

Gathungu and Mwangi (2012) see that the performance of the organisation as the level at which an organisation is able in reaching what its stakeholders expects and achievement of set goals for continued existence. Mclvor, Humphreys, Wall and McKittrick (2013) gives description of how the organisation has performed as a multifaceted interrelated process linking efficiency and efficiency with the profits the organisation makes. In this case, measuring how the firm has performed gives a picture that the capability of the firm in terms of how it is relevant, efficient and effective. In this case performance incorporated elements of non-financial measures which include market share, customer satisfaction and quality products/services in this study.

1.1.2 Response Strategies

A response strategy denotes the capability of a firm in responding accordingly the way changes from outside that organization which become an effective tool for coping with the challenges posed by environmental changes in the business environment (Waddok & Isabela, 2014). Elliott, Huffman and Makar (2003), argue that an organization's ultimate decision to employ a policy is influenced by the extent of its rivals working in the same industry. As a result, it can be argued that in order for commercial banks to achieve their goals, they must follow strategies that are strategically tailored to the nuances and dynamism of the banking industry's rapidly changing climate.

Firms are mostly open structures with constant connectivity and interfaces with the outside world. Strategic responses, according to Ross (2016), are the tactics that companies adopt in response to continuous changes in the external world. This could be accomplished by strategically placing the firm in its rightful competition through strategy and capacity preparation, using real-time response through problem management, and systematically managing resistance to change during strategic implementation. In this study, measuring the response strategies carried by Kenya Commercial Bank will included retrenchment strategy, investment strategy, enterprise risk management strategy and strategic outsourcing.

Retrenchment strategy focuses on shrinking a company's size and reach in order to reduce financial losses and raise capital that can be put to better use. Retrenchment is a cost-cutting tactic that involves changing the organization's architecture, as well as its procedures, culture, and principles (Gandolfi & Hansson, 2011). According to Devine (2013) In order to increase overall profitability, a company uses a retrenchment strategy to contract its operating activities by significantly reducing or eliminating the reach of one or more of its companies in terms of their respective customer classes, customer roles, or alternative technology, either singly or jointly.

Expanding, acquiring, modernizing, and replacing of assets meant for long lasting are all possibilities of an organization's investment strategy. An organization's activities may be expanded into a new business, which necessitates new product development and a new type of manufacturing operation within the company (Peloza, 2014). When a company wants to expand its business, it can buy other companies. Investment strategy, according to Kivijarvi and Saarinen (2015), entails guideline collection, actions and measures meant for guiding a firm in entering and selecting investment portfolios.

The Enterprise Risk Management definition entails putting in place well-defined controls to minimize risks in accordance with the risk profile and culture of the company (Burnaby & Hass, 2015). Bainbridge (2016) enterprise risk management systems Usually, it allows you to categorize risks into categories, assign weights and measures to them, and link them to business functions with methods and authority to manage them. Organizational risks are divided into three categories: organizational, market, and credit. Avoiding risk, moving risk, mitigating risk, and ultimately embracing risk under certain limits are all methods for handling risks.

Outsourcing is a management technique in which a corporation delegated certain important tasks to a much particular, reliable, profitable events, allowing firms in focusing on its core business activities (Quinn, 2015). Holcomb and Hitt (2017) companies do keep on searching for methods for re-engineering processes from within so as to maximize the level of their service in order to retain their competitive capabilities. As a result, companies are increasingly outsourcing from some of their tasks from other organizations in order to increase their overall operational efficiency. As a result, many businesses have factored outsourcing services with the aim of strengthening their main competencies and boosting efficiency.

1.1.3 Kenya Commercial Bank

Kenya Commercial Bank (KCB) is a government-owned monetary institution that takes deposits, processes loans, and offers other financial services including international banking, document processing, and trade financing. Despite the fact that many commercial banks in Kenya are highly competitive, the bank has had ability in maintaining its operations in market are listed as amongst most excellent and biggest bank within the country. KCB, like every other financial institution, operates on an open framework in a volatile environment. Their ability to follow strategies that effectively adapt to the environment is critical to their continued survival. KCB has begun a transformation program with the aim of improving its results. The goal of management capacity development is to help the company develop, become more profitable and effective, function at the lowest possible cost, and increase stakeholder value in order to produce better results.

Inflation, interest rates, and exchange rate fluctuations have all been putting pressure on the banking sector. In December 2017, the inflation rate had risen from 3.97 percent in March 2016 to 12.05 percent in April 2017, and was now at 18.93 percent. This was mostly due to sharp price rises in food and fuel. The year's weakening of the Kenya Shilling against the majority of exchanged world currencies was due to the Euro sovereign debt crisis, which boosted the need for US dollars which expanded deficit in the current account (Central Bank of Kenya, 2018).

Between 1963 and 2010, when the Kenyan government owned a significant stake in KCB, the bank's overall performance was low, spanning 47 years. However, between 2010 and 2012, KCB rose to become Kenya's highest performing bank in the saving money sector, outperforming other banks in the industry that had consistent execution during that time period (CBK, 2013). Kenyan business banks have faced increased competition in recent years as a result of increased developments within other banks and those that are getting into the same market.

According to report by Ndung'u, Machuki and Murerwa (2014) Kenya Commercial Bank responds to environmental changes through investment and retrenchment strategies, and as a result, the Bank gains opportunities from the changes in investing, innovating and growing its market so as to obtain and sustain a competitive edge. To gain competitive advantage in the banking sector, Wairugi (2017) recommends that KCB ought to focus much in investing in a lot of resources geared to putting itself strategically through making alliances with other banks together with marketing companies and alliance geared to stimulating generation of flow of knowledge.

1.2 Statement of the Problem

The Kenyan commercial banks encounters difficulties that may include interest margin decline, financial calamities worldwide which result to affecting the industry of Kenyan banking, specifically in mobilizing deposits, trade volume reductions, and asset efficiency, and new regulations (Vutsengwa & Ngugi, 2013). Owing to the high competition presented by other commercial and non-commercial banks, the bank has faced challenges as a result of the effects of the dynamic climate. There has been no research done to determine the impact of strategic responses on KCB's results. As a result, there was a need to fill this gap.

Ongore and Kusa (2013) indicate that in comparison to other commercial banks in Kenya that have had good success over the years, KCB has been rated as the highest performing bank in the banking industry. However, Kenya Commercial Bank (KCB) obtained profits after taxation in the year 2017 of Ksh. 19.7 billions in comparison to the profit acquired in the year 2016 of Ksh. 19.72 billions. Low interest rates, increased fees and commissions due to the usage of digital media, a downturn in economic development, and political unrest in the country are all factors contributing to the decline. As a result, KCB must plan ahead for various response strategies in order to survive in this complex climate, which is why this study is essential.

Njiffla (2012) conducted a report on Kenya Commercial Bank's strategic responses to changes in the Kenyan banking industry, concluding that KCB's strategic responses have countered competitive forces in the banking industry. The research, however, relied on qualitative data and had a limited sample size. The bank has a fraud management strategy outlining the roles for fraud prevention, identification, and response measures, according to Wanga’s (2013) review of commercial banks' response strategies to fraud-related challenges. The analysis, however, used a cross-sectional research design, which does not establish cause and effect. Muchiri, Ombui, and Iravo (2017) investigated how oil marketing company’s performance was affected by strategic response and observed that the company encountered a lot of competitive forces from the sector prompting them to adopt strategic responses in order to effectively cope with the climate. Based on the aforementioned studies, this study sought to investigate the strategic response influenced the KCB performance.

1.3 Objectives of the Study

1.3.1 General Objective

The study mainly focused on investigating how performance in Kenya Commercial Bank was influenced by response strategies

1.3.2 Specific Objectives

i. Establishing how Kenya commercial bank’ performance in Kenya was influenced by retrenchment strategy.

ii. Determining how Kenya commercial bank' performance in Kenya was influenced by investment strategy

iii. Finding out how Kenya commercial bank' performance in Kenya was influenced by enterprise risk management strategy

iv. Determining how Kenya commercial bank' performance in Kenya was influenced by strategic outsourcing

1.4 Research Questions

i. How is Kenya commercial bank' performance in Kenya influenced by retrenchment strategy?

ii. How is Kenya commercial bank' performance in Kenya influenced by investment strategy?

iii. How is Kenya commercial bank' performance in Kenya influenced by enterprise risk management strategy?

iv. How is Kenya commercial bank' performance in Kenya influenced by strategic outsourcing?

1.5 Significance of the Study

The study would be of great help to the Kenya Commercial Bank's managers because it would provide them with an invaluable resource for designing and harnessing their strategic responses in today's dynamic market climate. This research would also reveal some of the obstacles that they will face in developing and implementing their strategic response plans, as well as how they can prevent them. Other commercial banks will benefit from the results of the study by creating their own unique strategic tactical responses that are not easily imitated, resulting in their own unique firm competitive advantages.

The government and industry regulators would also gain useful insight into how to execute competitive responses and, as a result, put in place legislation to direct and inspire other companies inside and outside the industry to implement their strategies ethically. Policy makers would see the results of the study in locating and addressing what has not been addressed in the present adoption of response strategies. This will help in the improvement of Kenya's banking industry's competitiveness. Furthermore, the study will aid researchers in the provision of secondary data for potential use in the academic sector.

1.6 Scope of the Study

The main focus of the study was on how retrenchment strategy, investment strategy, enterprise risk management strategy and strategic outsourcing influence organizational performance. Kenya Commercial Bank was the unit of research, and managers and support staff were the unit of observation. The researchers used a descriptive research design and a stratified sampling system. Utilization of questionnaires as the tool for collecting data was done in which the data was then descriptively analysed with also the use of analysis in regressions. Research looked at how the bank has performed over the last five years (2014-2018) as a result of the implementation of response strategies.

1.7 Limitations of the Study

Respondents were hesitant to share pertinent data. To resolve this, the researcher presented a university documents and promised them of utmost secrecy of any data provided by them. Some of the respondents were unable to cooperate and fill out and return the questionnaires. This problem was solved by providing information about the research and by appointing a contact person to take care of the required steps in following the progress. Furthermore, honest in the provision of data was not guaranteed but confirmation that the knowledge sought was for academic purposes only as well as ensuring that confidentiality is maintained was clearly done to the respondents.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter covers a review of the literature on response strategies and organizational performance based on review of theories, review of empirical studies, summary and gaps and conceptual framework.

2.2 Theoretical Literature Review

2.2.1 Taylor's Scientific Management Theory

Taylor's (1962) theory was applied to the numerous waves of public sector reform that centered on reforming the public sector, appropriately dubbed the structural reform wave, capacity building, and service delivery improvement. In his writings, Taylor cautioned administrators of the dangers of trying to alter the organization's culture, as it is now known. Taylor emphasized the importance of management engagement, as well as the importance of incremental implementation and education.

The facts of this hypothesis influenced this investigation into how retrenchment could be accomplished without causing psychological harm to both management and employees. Employees who are laid off and managers who dealt with the retrenchment have been reported to be mentally impacted by the method. According to Sronce and McKinley (2006), a poorly performed retrenchment process will result in decreased productivity, low morale, and economic performance. Sheaffer is a slang term for a person who According to Carmeli, Steiner-Revivo, and Zionit (2009), maintaining employee morale during a retrenchment exercise is often difficult, a process that tends to be focused on consistent grounds that workers and their representatives can recognize and relate to is likely to receive a better response.

This theory guides retrenchment strategies to ensure that remaining workers are well-trained in their fields for increased productivity while also the employee remuneration in line with their workload. This theory explains retrenchment strategy variable.

2.2.2 Resource Based View Theory

Wernerfelt in the years 1984 came up with the Resource-Based View (RBT) theory which shows that resource owned by the organizations that are of great value, distinctive and cannot be imitated or substitutable can enable the organization to attain and maintain a competitive edge. But it is argued that not all the assets owned by the firm are good for developing a strategy. The organization's aim is to make sure that it owns important resources that are accessible and manageable to create and acquire resources internally or externally.

Organisations largely rely of numerous suppliers who get resources required by the organization in order to gain their capability in growing their business (Langlois, 2010). The foundation for that is the development of strategic options that helps the organization in coming up with decisions the right way in positioning itself in the market and minimize costs and introduce products and services to the newly established markets to improve their growth. Barney (1991) indicates that sustainable growth is dependent on the availability and quality of resources of the organization. In this case, organizations' view on resources is the way in which it has gained the experience followed by its culture and knowledge.

The theory gives the answers to the reason as to why organizations operate uniquely to each other and the way in which they gain and maintain their competitive advantage through deployment of resources. The theory is s a management tool that Kenya commercial bank managers can adopt in the assessment of their tool on managing their strategies so as to rightly position itself effectively in their markets. This theory explains investment variable.

2.2.3 Portfolio Theory

Sharpe and Sharpe developed Portfolio Theory from the 1950s to the early 1970s (1970). By carefully selecting the proportions of the strategy, the portfolio theory of investment in strategy tries in maximizing anticipated portfolio returns on a certain level of risk in portfolio or equally maximizing risk to a certain anticipated level of return (Hamimah, 2008). Portfolio theory, as seen by Ritchie and Bridley (2005), entails statistical interpretation of principle of diversifying in investments aiming at selecting a number of strategic investment where the risk is low compared to others. As a result, a combination of the two strategy orientation types may have a lower average risk as compared to single type. Similarly, the process of diversifying minimizes risk although the returns do not correlate negatively.

This theory was applicable to the research because it demonstrates how strategic managers are able in building portfolio from a number of assets geared to optimizing returns for a certain extent of risk. In an equal manner, give the expected extent of returns, a strategic planner should build a portfolio with the least amount of risk, avoiding risks throughout the strategy implementation phase. This theory explains enterprise risk management strategy.

2.2.4 Agency Theory

Agency theory as suggested by Meckling and Jensen (1976) is meant to address matters involving two issues that might occur in the relationships of agencies; that is, between the principals and representatives of the management. According to Meckling and Jensen (1976) agency theory is concerned with addressing two problems whereby a conflict may arise from differing interests of the principal to that of the agent or they may have goals that are not in line with each other's expectations. This may result to misunderstandings as neither the principal nor the agent is ready to take risk alone.

An agency typical example can be applied in a situation whereby the employer being the principal and the employee as the agent. In this case the employer may want employees to work according to its interests which the employees may feel uncomfortable in complying due to their unsatisfying interest. The employer will expect its interest to be fulfilled and as a result conflict with the employees as they are not ready to comply. However, if the interests of both parties are solved and work in line with each other agency relationship can be fulfilled (Jensen & Meckling, 1976).

The organization's philosophy suggests that internal auditing assists in maintaining an agreement that is effective in terms of costs between the principal and the agents (Davidson, Goodwin-Stuart & Kent, 2015). The role of internal audit in organizations can better understand agency theory, but it is able in assisting to put into light various aspects of internal audit of organizational finances. Agency theory is utilized in proper examination in evaluating the cross-examinational deviations between internal auditing activities represent different contractual relationships due to differences in organizational structure.

The analysis was informed by agency theory, which describes the relationships linking an agent and the principal in strategic outsourcing. In a specific business operation, the agent represents what the principal is interested on by avoiding input on own interest. The differentiating factor linking the principal and the agent may led to problems because some agents may differ with the what the principal is interested on. This theory is associated with strategic outsourcing variable.

2.3 Empirical Literature Review

2.3.1 Retrenchment Strategy

Ochieno (2013) study focused on how Telkom Kenya's performance was influenced by retrenchment strategy. Collection of data was through questionnaires. Out of the 99 employees who formed the population, 50 were involved in the interviewing process. The study found that Telkom Kenya had increased service quality as a result of introducing advanced wireless technologies and new products that competed well in the market. However, analysis used an exploratory research approach, which prevents inferences from being drawn.

Mohamed (2012) study explored how Rift valley railway's performance was influenced by retrenchment strategy. Collection of data involved 253 respondents working with the organization. The results indicated that retrenchment practices significantly influences employee performance. The findings reinforce the need for management to embrace due process during the retrenchment practice in order to achieve organizational goal. However, the study focused on employee morale and the current study focuses on organizational performance.

Dibua, Idemobi and Okoli (2018) study assessed how delivery service of employees was influenced by retrenchment strategy. Analysis of data followed use of descriptive as well as inferential analysis with the basis of study objectives. A substantial impact on how services were delivered, except being at work for long hours, with none significance was established. However, the analysis used a non-probabilistic sampling approach called convenience sampling.

Duncan, Sakwa and Kiriago (2013) study examined how retrenchment affected how employees ate Telkom Kenya was loyal and motivated. Data collected was analyzed using descriptive statistic. According to the findings, Telkom Kenya's retrenchment process impacted different facets of surviving employees' morale and loyalty. The research, however, employed obtained respondents through clustering method which could have introduced an error during sampling.

2.3.2 Investment Strategy

Mulindu (2014) who analyzed how managed funds performance in Kenya was affected by investment strategies and the resulting bad performance in the control of money could be from inconsistency from the managers in utilizing strategies and bad approach in managing investment as presented by the findings. However, since the analysis was qualitative, it was highly reliant on the researcher's individual abilities and was more easily affected by the researcher's personal biases.

A study carried out by Papadakis (2016) focused on how firm performance was affected by the process investment decision. Study used a nine-dimensional structure for classifying strategic investment decision processes that was empirically developed, as well as a collection of objective and subjective performance indicators. The process-performance relationship's empirical findings show that a better process in making decisions together with better provision of reports about the firm is performing financially results to high performance.

Yi-Ming *et al.* (2016) study investigated how operational performance was impacted by IT investment strategies with the basis of intellectual capital framework. The effects of different IT investment strategies on activity efficiency are interpreted by simulation and scenario analysis in this report, that leads to introducing a varied system approach in evaluating a situation involving two companies that are competing to each other. Findings show that dissimilar information technology strategy on investment and complementary resource matching levels have different effects on organizational success. Furthermore, this will assist businesses in developing IT investment strategies.

Osano (2013) study examined how investment funds performance in Kenya was influenced by investment strategy. Interviews were utilized in individuals in collecting data. It was observed that money meant for investment in Kenya lead to a policy that is competitive and incorporates the process of investing funds. Performance in finance positively impact performance in investment funds, as does liquidity, implying that investment firms use liquid assets to make fast investments, resulting in good returns. However, since the analysis used qualitative data with a limited sample size, it is appropriate to generalize the results.

2.3.3 Enterprise Risk Management Strategy

Nickmanesh *et al.* (2013) study examined how performance of organizations in Malaysia was affected by enterprise risk management strategy. Use of regressions and testing of hypotheses was done with the population being 175 companies appearing in Bursa Malaysia. The presence of a risk management committee, on the other hand, is found to have a major and negative association with Return on Assets (ROA). The research analyzed data using Karl Pearson Correlation, which is not appropriate for homogeneous data.

Yang, Ishtiaq and Anwar (2018) study investigated how performance of firms was influenced by enterprise risk management strategies. The findings show that enterprise risk management strategies have a substantial impact on competitive advantage and small business success. How practices in managing enterprise risk was related to efficiency in SME was found to be partially mediated by competitive advantage. Purposive sampling, on the other hand, was used in the analysis, which is a non-sampling process.

A study carried out by Virdi (2016) focused on how I&M Bank Limited performance in Kenya was influenced by enterprise risk management. The aim of the data collection method was to obtain accurate qualitative data. The study focused on 30 workers at I&M Bank Limited who worked as assistant managers or managers. The study found that risk management methods, communication, and culture are deeply embedded in the bank's culture, with employees able to recognize and measure its majorly positive impact on their success. However, since the research was qualitative, no conclusions could be drawn.

Awino, Ogolla and Ogutu (2017) study examined how Christian Based Hospitality Businesses performance was impacted by risk management strategy. A positivistic philosophy was used to conduct a descriptive cross-sectional survey on 76 firms in Kenya. The results were that ERMS have a significant relationship with composite results, but no significant relationship with financial metrics such as Return on Assets (ROA).

2.3.4 Strategic Outsourcing

Musau (2016) study examined how performance of organization was affected by strategic outsourcing. The study made use of analysis in descriptive together with correlation analysis on quantitative data. Outsourcing that was based on cost, innovation and focus all resulted to a major impact on organizational success, according to the study's findings. The study's background, however, was a case study of Bidco Africa Limited.

Munanu (2017) study examined how performance of organization related with strategic outsourcing. A research design in case study involved quantitative approach. Respondents were purposively selected. Data in quantitative nature was descriptively analysed. Strategic procurement, according to the results, contributed to cost efficiency in a positive way. Strategic procurement was seen to positively impact the level of profits gain by the firm. Outsourcing has a positive impact on organizational success, according to the findings. The research, on the other hand, was based on the administration Police Service’s results.

Kihanya *et al.* (2015) study examined how the performance of organization was influenced by the role played by strategic outsourcing. According to the results of this report, strategic sourcing allows a company to gain a strategic advantage while also acting as a means of alleviating a market situation. Study background, on the other hand, was the success of a higher education institution.

Rajee and Hamed (2013) study investigated how firm was influenced by strategic outsourcing. Findings show that more an enterprise outsources, the more it grows, and that organizational efficiency is positively associated with the improvement of productive labor and the cost of production on average. Outsourcing is advantageous to corporate success, as it improves market financial economy and its competitive edge. However, the current study focuses on the performance of Kenya Commercial Bank.

2.4 Summary of the Literature Review and Research Gaps

As demonstrated in the below Table is a review of a number of studies highlighting identified gaps that the study aimed at addressing.

Table 2.1: Summary

Name	**Study title**	**Results**	**Gaps**	**Study focus**
Ochieno (2013)	Retrenchment on performance of organization	Telkom Kenya had increased service quality as a result of introducing advanced wireless technologies and new products that competed well in the market	The analysis used an exploratory research approach, which prevents inferences from being drawn	Utilisation of descriptive research design was done
Mohamed (2012)	How Rift valley railway's performance was influenced by retrenchment strategy	Retrenchment practices significantly influences employee performance	Morale by employees was the main study focus	Performance of organization was the focus of the study
Dibua *et al.* (2018)	How delivery service of employees was influenced by retrenchment strategy	The strategy on retrenchment had a substantial impact on employees' service delivery	the analysis used a non-probabilistic sampling approach called convenience sampling	The technique on stratified method was used

Duncan *et al.* (2013)	Retrenchment affected how employees at Telkom Kenya was loyal and motivated	Telkom Kenya's retrenchment process impacted different facets of surviving employees' morale and loyalty	Employed obtained respondents through clustering method which could have introduced an error during sampling	The technique on stratified method was used
Mulindu (2014)	How managed funds performance in Kenya was affected by investment strategies in Fedha Management Limited	Bad performance in the control of money could be from inconsistency from the managers in utilizing strategies and bad approach in managing investment as presented by the findings	However, since the analysis was qualitative, it was highly reliant on the researcher's individual abilities and was more easily affected by the researcher's personal biases	Data in quantitative nature was adopted
Papadakis (2016)	How performance of organization was influenced by the process of investment decision	Higher performance is closely linked to more informed decision-making processes and more financial reporting activities	Utilization of design in crosssectionalal study was done which uses a size of sample that is small	Adoption of design in descriptive nature was used
Osano (2013)	How investment funds performance in Kenya was influenced by	Money meant for investment in Kenya lead to a policy that is	Since the analysis used qualitative data with a limited sample size, it is appropriate to	Questionnaires was used in collecting data in

	investment strategy.	competitive and incorporates the process of investing funds.	generalize the results	primary nature
Nickmanesh *et al.* (2013)	How performance of organizations in Malaysia was affected by enterprise risk management strategy	Risk management committee, on the other hand, is found to have a major and negative association with Return on Assets (ROA).	The research analyzed data using Karl Pearson Correlation, which is not appropriate for homogeneous data	Analysis in regressio n was adopted
Yang *et al.* (2018)	How performance of firms was influenced by enterprise risk management strategies	Enterprise risk management strategies have a substantial impact on competitive advantage and small business success	Purposive sampling, on the other hand, was used in the analysis, which is a non-sampling process	The technique on stratified method was used
Musau (2016)	How performance of organization was affected by strategic outsourcing	Cost-driven outsourcing, innovation-driven outsourcing, and focus-driven outsourcing all had a major impact on organizationa l success	The study's background, however, was a case study of Bidco Africa Limited	The focus was Kenya Commerc ial Bank's performa nce
Rajee and Hamed (2013)	How performance of the	Outsourcing is advantageous	However, the previous study focused on the	An empirical study on

	organization was influenced by strategic outsourcing	to corporate success, as it improves market financial economy and its competitive edge	performance of the Nigerian food, beverage, and tobacco industry	the performance of Kenya Commercial Bank

2.5 Conceptual Framework

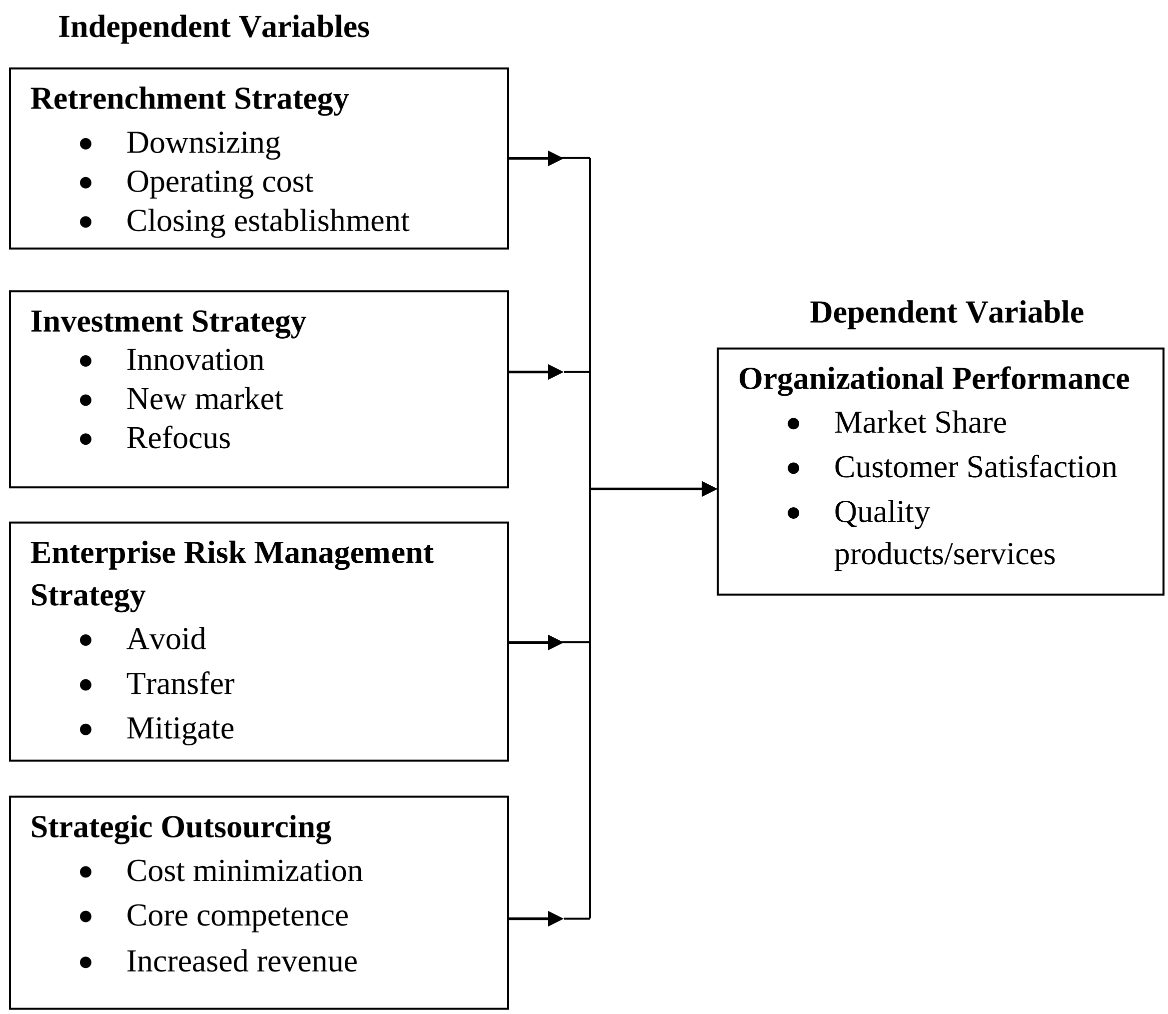

Figure 2.1: Conceptual Framework

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

The study made use of design in descriptive research. This is because Guest (2013) observe that the design involves the process in surveying and gathering facts of numerous types. The main of the design is that it provides the current picture of how things are. In this case the designed was proposed as the intention of the researcher was collecting and presenting data as per the respondents' view without changing any of their views.

3.2 Target Population

The unit of analysis was Kenya Commercial Bank Head quarters in Nairobi City County, Kenya and the unit of observation was employees of the Bank. The sample frame is shown in Table 3.1. A target population of 130 respondents was obtained from corporate, functional and business level. The sampling frame is shown in Table 3.1.

Table 3.1: Target Population Sampling Frame

Strata	Population
Corporate Level	21
Business Level	42
Functional Level	67
Total	**130**

3.3 Sampling Design and Sample Size

The design in sample is a method of getting data concerning the whole population through examination of a specific portion of that population (Onwuegbuzie & Leech, 2017). The method of stratification was utilized through putting the respondents into categories so as to make sure that all the cases were effectively represented. The size of the sample was determined through use of Taro Yamane formula founded in the year 1967 with an assumption of 95 percent level of confidence.

$n=N/1+N^*(e)^2 = 130/1+130(0.05)^2 = 98$

The determined size of the sample was 98 respondents representing a factor of 0.754 which was used to determine sampling in respective strata.

Table 3.2: Distribution of Sample Size

Strata	**Population**	**Multiplying Factor**	**Sample Size**
Corporate Level	21	0.754	16
Business Level	42	0.754	32
Functional Level	67	0.754	50
Total	**130**	**0.754**	**98**

3.4 Data Collection Instruments

The source of data was primary which was collected using questionnaires. The questionnaires constituted of sections ranging from A to F each describing a specific variable being studied. In addition the questions within the questionnaires were made up of a scale in likert to allow the respondents in expressing how they agree on the same. Moreover, an open question was provided to each variable section to allow the respondents adding more views.

3.5 Pilot Study

Pilot study was aimed at identifying any errors that could result and whether the tools were suitable in providing data that is relevant to the study. As Mugenda and Mugenda (2003) argue, participants in piloting are determined by obtaining one tenth of the whole population with similar traits. Therefore, the process of carrying out a pilot study engaged 10 respondents selected within the bank and were not engaged in the actual study.

3.5.1 Validity of the Instruments

Validity as described by Cooper and Schindler (2011) is the level at which instruments measure the constructions under investigation. Content validity which shows the level to which the questionnaires items can be easily understood by the respondents will be used. Criterion validity shows effective prediction of results in line with another related measure. In this case, assessment to check whether there is reflection of certain set of abilities was done using criterion validity. Evaluation of criterion validity was ensured through correlating the variables and if correlation value is high it was an indicator that the instrument items measures what they are meant for. Construct validity deals with assessing the level that the measures are correct to the variable studied. Construct validity therefore, was used to ensure that development of indicators are appropriately done based on the existing knowledge. Thus, the questions in the questionnaire were those that were relevant to the measures of the variable.

3.5.2 Reliability of the Instruments

Morse, Barrett, Mayan, Olson and Spiers (2012) describes reliability as the capability of a tool in producing results that are consistent after carrying out a repeated tests. Reliability was determined through use of test and retest method. The results from each test were calculated to determine the correlation coefficient using Cronbach’s alpha test. According to Mugenda and Mugenda (2003) the alpha value of 0.7 or more is an indicator that the items are more reliable. The following results were obtained as described in Table 3.3.

Table 3.3: Results of Reliability Tests

Research Variable	**Cronbach's Alpha Index (α)**	**Number of Questionnaire Item**	**Comment**
Retrenchment Strategy	0.798	6	Reliable
Investment Strategy	0.803	6	Reliable
Enterprise Risk Management Strategy	0.811	6	Reliable
Strategic Outsourcing	0.799	6	Reliable
Organizational Performance	0.786	3	Reliable
Average Score	**0.799**	**27**	**Reliable**

Source: Pilot Study (2020)

The result from reliability was given as follows; Retrenchment Strategy, Investment Strategy, Enterprise Risk Management Strategy, Strategic Outsourcing and Organizational Performance with Cronbach alpha values as 0.798, 0.786, 0.811, 0.799 and 0.803 respectively produced using SPSS 21.0. All the values as observed are more than 0.7 which is in consistency with Mugenda and Mugenda (2003) and therefore it was concluded that the questionnaire items were reliable for final data collection.

3.6 Data Collection Procedure

The researcher obtained an authorization letter from the University. Thereafter a research permit from National Commission for Science, Technology and Innovation (NACOSTI) was obtained. The researcher booked for appointments with the concerned authorities and explained to them the objective of intending to carry out a study within their organization. A drop and pick process was followed in administering the questionnaires and the date for collecting them was set to be after four weeks with an assumption that the respondents will have attended to the questionnaires.

3.7 Data Analysis and Presentation

The collected data from the field underwent editing, cleaning and categorization into similar themes with the aim of representing data that was meaningful. This followed by checking whether the data was consistent and complete. Assignment of codes to each questionnaire enabled the researcher in minimizing errors during data entry and easy identification of incompleteness.

Data in qualitative nature was analysed using themes guided by the variables studied. Analysis of data in quantitative nature was followed descriptive statistics including mean and standard deviations. The results were presented using tables and figures. Further, inferential statistics that involved analysis of correlation and regressions were used to determine how the variables related to each other. The resulting equation in regression was as under:

The regression equation was: $\mathbf{Y = \beta 0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon}$

Whereby $\mathbf{Y}$ = Organizational Performance

$\mathbf{X_1}$= Retrenchment strategy

$\mathbf{X_2}$= Strategic outsourcing

$\mathbf{X_3}$= Enterprise risk management strategy

$\mathbf{X_4}$= Investment strategy

$\mathbf{\beta_1, \beta_2, \beta_3}$ and $\mathbf{\beta_4}$ = Regression coefficients $\boldsymbol{\varepsilon}$ is the error term.

3.8 Ethical Consideration

The respondents were assured of utmost secrecy of whatever they revealed about the bank as sought by the study. None of the respondents was allowed to reveal their personal details or any section they were working with.

CHAPTER FOUR: RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

The chapter presents the analysis and presentation of data obtained from the field in terms of descriptive and inferential statistics and presented in terms of figures, graphs, and tables.

4.2 Response Rate

Questionnaires totaling to 98 were distributed to KCB executives at the corporate, company, and functional levels, with the return rate shown in Table 4.1.

Table 4.1: Response Rate

Category	**Rate of occurrence**	**%**
Response	89	90.8
No Response	7	7.1
Total	**98**	**100**

Table 4.1 shows that 89 out of 98 managers returned their questionnaires, resulting in a 90.8 percent response rate, and 7 respondents did not return their questionnaires, resulting in a 7.1 percent response rate. This can be concluded that at 90.8% it was observed that it was appropriate for further analysis. This is in consistency with Mugenda and Mugenda (2003) who argued that 70% rate of response is sufficient for analysis.

4.3 Demographic Data

4.3.1 Gender

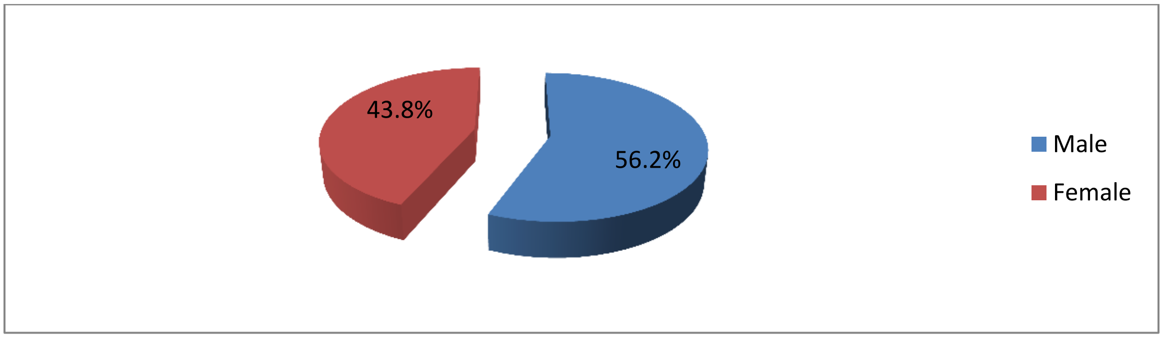

Figure 4.1: Respondents' Gender

The observation in Figure 4.1 indicate that the male were majority at 56.2% and female at 43.8%. This showed a well representation of both gender.

4.3.2 Academic Qualification

Table 4.2: Respondents' Academic Qualification

Level	Frequency	%
Diploma	12	13.1
Post graduate diploma	17	19.1
Bachelor's Degree	39	43.8
Master's degree	21	23.6
Total	**89**	**100**

Observation in Table 4.2 represents a majority of respondents who had bachelors' degree at 43.8%, master's degree (23.6%), post graduate diploma (19.1%) and diploma (13.1%). This showed a representativeness of highly educated respondents. Employee education at the highest level is important in making the organization successful as one has the necessary knowledge and skills in addressing the shifting needs of the profession.

4.3.3 Work Experience

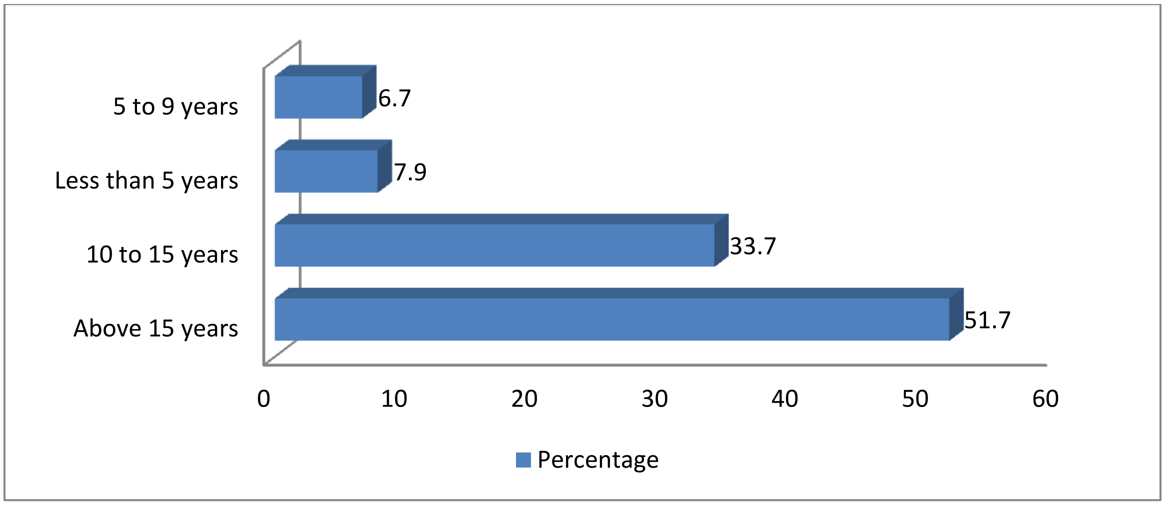

Figure 4.2: Respondents' Work Experience

The observation in Figure 4.2 was that 51.7% represented those respondents who had worked for more than 15 years, 33.7% with experience ranging from 10 to 15 years, 7.9% below 5 years and those with 5 to 9 years represented by 6.7%. This was that the respondents engaged in the study were experienced in enough.

4.4 Results of Descriptive Analysis

4.4.1 Investment Strategy

Table 4.3: Investment Strategy

	M	**SD**
The investment strategy assumes that the market has not realized the potential of the various stocks known to it	4.66	0.651
The investment strategy aims to move the market forward with its fund portfolio	4.02	0.779
The focus on the strategy in investment strategy is based on a highly investment risk and returns within a short period	4.26	1.130
The investment strategy involves investing in invaluable stocks	3.71	1.335
The strategy on investment strategy looks at reducing portfolio risk through addition of stable shares	4.77	0.711
The investment strategy yields consistent and reliable income	3.60	0.757
	4.17	**0.894**

The findings in Table 3.3 show that the performance of the Kenya Commercial Bank in Kenya was influenced by investment strategy, with a significant average of 0.894 with a total average score of.117. This is in agreement with Spence (2015) who show that strategies on investment guides the investor's decisions in terms of goals tolerance in risk and requirements of capital in the future. Part of investment looks at growth that is more in a case whereby the investor will look at how the capital is appreciating or opt pursuing a strategy that is of low risk through protection of assets.

Most respondents strongly agreed that the investment strategy seeks to reduce the risk of their portfolio by using a few stable shares (M = 4.77, SD = 0.711), the investment strategy assumes that the market has yet to realize. The probability of the various stocks that have identified it (M = 4.66, SD = 0.651) and the fact that the investment strategy focuses on investing short to medium term high risk returns (M = 4.26, SD = 1.130). 2014) observes and agrees with these findings that an investment strategy is as crucial to any investment fund manager as it sets out rules, behaviors, or procedures designed to guide investors' investment portfolio selection.

Respondents agreed that the investment strategy seeks a consistent and reliable income (M = 2.02, SD = 0.779), the investment strategy invests in invaluable stocks (M = 3..711, SD = 1.35535) and the investment strategy targets With the goal of advancing the market. Its fund portfolio (M = 3.60, SD = 0.757). This is according to Peloza (2014) who observed that an organization's investment strategy would include expansion, acquisition, modernization and long-term asset transfers. An organization can expand its activities into a new business that requires new products and new types of manufacturing activity.

4.4.2 Retrenchment Strategy

Table 4.4: Retrenchment Strategy

	M	SD
Retrenchment strategies are used to reduce operating costs for better organizational performance	4.12	1.166
Retrenchment strategies are used to reduce the size of the company to improve the organization	4.09	0.793
Retirement boosts profits for shareholders and creates strategies to avoid recession	4.30	0.592
Return strategy improves communication and decision making when the organization eliminates management levels during its restructuring	4.18	0.820
Retrenchment mainly involves cutting various additional conditions that are not used in the well-being of the organization to improve efficiency	4.54	0.565
Retirement strategies run the risk of losing dedicated employees while eliminating the pointless path	4.53	0.605
	4.29	**0.757**

The findings of Table 4.4 show that respondents agreed that the retrenchment strategy influenced the performance of the Kenya Commercial Bank in Kenya, with a standard deviation of 0.757 mean. mean showing an average score of 29. According to Divine (2013) the organization pursues a retrenchment strategy aimed at contracting its operational activities by significantly reducing its respective customer groups, customer functions or alternative technologies, or by eliminating the scope of one or more of its businesses individually or jointly to improve its overall performance.

Most respondents strongly agreed that retraining primarily involves reducing various additional spaces that are not overused in the well-being of the organization thus improving efficiency (m = 4.54, SD = 0.565) and that retreat strategy carries the risk of losing dedicated employees. When redundant avenues are removed (m = 4.53, sd = 0.605). This combination with Gandolfi and Hanson (2011) who observed that the retreat strategy focuses on minimizing financial losses and reducing the size and duration of the business to generate resources that can be used for productive activities retrenchment strategies and cost effectiveness. Is, the organization of changes in design, as well as its processes, culture and values.

Respondents agreed that retrenchment increases profits for shareholders and creates a strategy to avoid economic downturn (m = 4.30, sd = 1.166), retrenchment strategies to reduce operating costs for better institutional performance (m = 4.12, sd = 1.335) Used and that retreat strategies are used to reduce the size of the company for the improvement of the organization (m = 9.9 ,, SD = 0.793). Ahmed, Kakkar and Sharma (201) agree with these findings that the only distinctive method in solving the problems in finance of employers is through retrenching and that decline in profits is expected.

4.4.3 Enterprise Risk Management Strategy

Table 4.5: Enterprise Risk Management Strategy

Statement	**M**	**SD**
Provides a good knowledge on managing risk in an enterprise during formulating and implementing the strategy	4.62	0.511
Alignment is improved linking performance and management of risk in enterprise meant for improving goals for performance and understanding how risk impacts performance	3.82	1.512
Introduces new ways of looking at risk to determine and achieve an objective in terms of greater business complexity	3.40	1.483
The report expands to address expectations for greater stakeholder transparency	4.43	0.890
Includes evolving technologies and analytics to support data expansion and decision making	3.33	1.737
Enterprise risk management methods determine the basic definitions, components, and principles for managing all levels of design, implementation, and management	3.94	1.059
	3.92	**1.532**

Table in. The findings of in show that respondents agreed that the enterprise risk management strategy influences the performance of a Kenya commercial bank in Kenya, with an average deviation of 1.532 indicating an average score of 9.932. (Burnaby & Haas, 2015) suggest that the enterprise risk management concept agrees with this finding by incorporating the establishment of well-defined controls to minimize risks tailored to the risk profile and culture of a particular organization.

Most respondents strongly agreed that when setting up an enterprise risk management strategy (M = 4.62, SD = 0.511) and provides a good knowledge on managing risk in an enterprise during formulating and implementing the strategy. Transparency (M = 4.43, SD = 0.890). Benbridge (201) observes that enterprise risk management systems generally provide the ability to list risks in categories, give them weight and measures, and integrate them into business operations that have mechanisms and authority to control them.

Respondents agreed that the Enterprise Risk Management Strategy defines the basic definitions, components and principles of management at all levels for designing, implementing and managing Enterprise Risk Management Methods (M = 3.94, SD = 1.059) and that Enterprise risk management methods determine the basic definitions, components, and principles for managing all levels of design, implementation, and management (M = 3.82, SD = 1.512). Companies with the ERM program believe that the management and monitoring of risks in silos may outperform their competitive advantage, as ERM helps strengthen Pay's ability to plan strategically.

Respondents indicated to a moderate extent that strategic outsourcing introduces new ways of looking at the risks for determining and achieving an objective in the context of large business complexity (m = 3.40, sd = 1.483) and that strategic outsourcing involves evolving technologies and data. Supportive decision making analysis (M = 3.33, SD = 1.737). According to Yang *et al.* (2018) involvement in managing risk entails a multifaceted computation in risk management.

4.4.4 Strategic Outsourcing Strategy

Table 4.6: Strategic Outsourcing Strategy

	M	**SD**
Strategic Outsourcing enables Kenya Commercial Bank in putting more emphasis on major activities in banking enabling employees put more emphasis on the main functions and future strategy	4.02	1.719
Strategic outsourcing enables Kenya Commercial Bank to increase its operational efficiency, thus often achieving a more productive, efficient service	4.66	0.602
The savings gained through outsourcing help the bank to raise capital to invest in other areas of their business	4.03	0.714
Strategic outsourcing provides the banks in accessing capability and facility that could be not have been accessed	4.31	1.051
Strategic outsourcing allows the bank to take advantage of its entire supply chain's expertise and skills.	3.51	1.358
Strategic outsourcing allows businesses to be more flexible and agile, adapting to evolving market demands and challenges while saving money and improving service quality.	4.75	0.758
	4.21	**1.034**

The findings in Table 6.6 show that strategic outsourcing was influenced the performance of the Kenya Commercial Bank in Kenya as indicated by the average score with a standard deviation of 1.0.2 as a strategic outsourcing strategy. According to Quinn (2015), Outsourcing is a management technique in which a company delegated certain non-core tasks to more specialized, more effective, and more efficient service providers, allowing the company to concentrate on its core business.

Most respondents strongly agreed that strategic outsourcing allows businesses to be more flexible and agile, adapting to evolving market demands and challenges while saving money and improving service quality (m = 4.75, SD = 0.758) and that strategic Provides. Outsourcing enables Kenya Commercial Bank to increase its operational efficiency, thus achieving often more quality (M = 4.66, SD = 0.602) more productive, efficient service. Holcomb and Hit (2017) suggest that in order to maintain their competitiveness, companies are searching for ways to increase their quality levels by reengineering their internal processes. As a result, businesses have begun to outsource their services to other service providers in order to improve their organizational performance.

Respondents agreed that strategic outsourcing gives the bank otherwise access to capabilities and facilities otherwise ible accessible or unaffordable (M = 4.31, SD = 1.051), the cost savings gained through outsourcing help the bank realize capital to invest in other areas of their business M = 3.03, SD = 0.714) and strategic outsourcing allows Kenya Commercial Bank to focus on its core operations and employees on their core functions and future strategy (M = 4.02, SD = 1.719). According to Kremik, Tukel and Rome (2016) institutional human and environmental factors may have an impact on outsourcing agreements. Companies must equip themselves with the necessary information and relationship management skills in order to develop a fulfilling relationship with a service provider.

Respondents suggest moderate strategic outsourcing, along with your entire supply chain (M = 3.51, SD = 1.358) to help the bank leverage knowledge and skills. Munanu (2017) observes that it is effective to spend outsourcing most of the time on the hidden costs involved in signing an agreement across international borders.

4.4.5 Organizational Performance

Table 4.7: Organizational Performance

Statement	**M**	**SD**
The bank has acquired a large share of the market	4.53	1.129
Efficiency in operations has improved	4.66	0.602
Products and services offered are to the satisfaction of the needs of the customers	3.58	0.781
	4.26	**0.837**

The findings of Table 7.7 show that the respondents agreed that the performance of the Kenya Commercial Bank in Kenya is largely reflected by the average score of 26.326 with a standard deviation of 0.326. According to Parmenter (2015) calculation of the performance of a firm should be on what the organization has gained from investment and the profit acquired as well as the level of the market they have attained.

Respondents strongly agreed that the bank has improved its operational efficiency (M = 4.66, SD = 0.602), increased its market share (M = 4.53, SD = 1.129) and that the bank provides products and services that are satisfactory to them. Customers (M = 3.58, SD = 0.781). Gathungu and Mwangi (2012) see that the performance of the organisation as the level at which an organisation is able in reaching what its stakeholders expects and achievement of set goals for continued existence.

4.5 Regression Analysis

Table 4.8: Model Summary

Model	**R**	**R Square**	**Adjusted R Squared**	**Sig. F Change**
1	.946	0.896	0.891	0.000

From the Table, the value of adjusted R squared is 0.891 (89.1%) which is brought up by the variables studied on the extent they affected performance of the Kenya Commercial Bank. Showing that a deviation of 10.9% was for the variables not factored.

Table 4.9: Analysis of Variance

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	20.614	4	5.154	180.582	.000
	Residual	2.297	84	.029		
	Total	23.011	88			

The resulting significance value of 0.000 was an indicator that the basis for the model resulting from the extent to which the variables studied influenced each other. The model was seen being significant as F value at 180.582 was greater than mean square value at 5.154.

Table 4.10: Coefficients

Model	Coefficients (Unstandardised)		Coefficients (Standardised)	t	Sig
	B	Std. Error	Beta		
Constant	0.524	.179		6.283	.000
Retrenchment strategy	0.679	.034	5.207	5.309	.000
Investment strategy	0.706	.027	4.170	3.994	.000
Enterprise risk management strategy	0.749	.044	1.827	6.956	.000
Strategic outsourcing	0.889	0.40	2.342	7.228	.000

The findings of Table 9.9 show that by keeping the independent variables (Retirement Strategy, Investment Strategy, Enterprise Risk Management Strategy and Strategic Outsourcing) consistently zero, KCB's performance will be at 0.524 factor, increasing unit performance in retrenchment strategy. With a factor of 0.679, a unit increase in investment strategy will increase KCB's performance by a factor of 0.006, a unit increase in enterprise risk management strategy will increase KCB's performance by a factor of 0.749 and a unit increase in strategic outsourcing strategy will increase by 0.889.

The study found that the effect of retrenchment strategy has a positive and significant correlation on KCB as shown by T value (T = 5.309, <0.005). According to Divine (2013), an organization pursues a retreat strategy with regard to its operational activities agreement by significantly reducing the scope of its respective customer groups, customer functions or alternative technologies or eliminating the scope of one or more of its businesses. Individually or jointly to improve its overall performance.

The study has established that performance in investment strategy has a positive and significant correlation on KCB as demonstrated by T strategy (T = 3.994, <0.005). This agrees with a study conducted by Papadakis (2016) which found that more important decision-making processes and financial reporting practices are closely linked to higher efficiency. According to Kiwijarvi and Sarainen (2015) an investment strategy is as important to any strategy as it sets out the guidelines, behaviors, or procedures that are intended to direct an organization to entry and selection into the investment segment.

The study found that the performance of the enterprise risk management strategy has a positive and significant correlation on KCB, as shown by T values (T = 6.956, <0.005). This consensus with the findings of a study conducted by Virdi (2016) that established risk management techniques, communication and culture in a bank enables the employee to identify its various aspects and quantify its major positive impact on performance. Benbridge (2016) suggests that an enterprise risk management system generally gives the ability to list risks in categories, give them weight and measures, and integrate them into business functions that have mechanisms and authority to control them.

The study found that the effect of strategic outsourcing strategy has a positive and significant correlation on KCB as shown by T value (T = 7.228, <0.005). This is consistent with the study of Munanu (2017) which concluded that outsourcing positively affects organizational performance. However, the administration in this study focused on the performance of the police service. Holcomb and Hit (2017) suggest that in order to maintain their competitiveness, companies are looking for ways to re-engineer their internal processes to improve their service level.

4.6 Results of Qualitative Data

Respondents indicated that Kenya Commercial Bank designs its investment strategy around the risk-return tradeoff of investors and serves as a guide for entry and selection into the investment portfolio. This enables investors to gather strategic market information and insights into potential future disruptive techniques and business models in and has transparency that helps explain decisions that may affect stock price fluctuations or be responsible for that risky risk.

The respondent indicated that the bank is formulating a retrenchment strategy to reduce costs and return to a stable level. To improve its operational efficiency, competitiveness and reduce dependence on markets. The bank also undertakes a retrenchment strategy to increase profits for its shareholders and formulate a strategy to avoid recession.

The enterprise risk management approach, according to respondents, increases knowledge of the bank's risks and its ability to respond effectively, increases trust in the achievement of strategic goals, improves compliance with legal, regulatory, and reporting requirements, and improves productivity and effectiveness.

Respondents indicated that the bank outsourced primarily to reduce costs because the bank relies on a specific partner whose core business activity, which outsources to the bank, acquires expertise, reduces overhead, provides flexible staffing, and Increases efficiency, reduces turnaround time and ultimately yields more profit.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the findings, conclusions, recommendations for policy and practice and suggestion for further studies.

5.2 Summary

The study purposely investigated how Kenya Commercial Bank's performance in Kenya was influenced by response strategies. The study had a specific focus on how Kenya Commercial Bank's performance in Kenya was influenced by retrenchment strategy, investment strategy, enterprise risk management and strategic outsourcing. The design employed was descriptive research. The study's population constituted of 130 respondents who were sampled from various departments of the bank using stratified technique and selected using simple random techniques. The tool involved in the collection of data was questionnaire. Analysis of quantitative data involved mean and standard deviation while themes were used in analysing qualitative data. Testing of how the variables related followed utilization of multiple regressions. The following is the presentation of the summary;

5.2.1 Retrenchment Strategy

The study aimed at establishing how the performance of the commercial bank of Kenya in Kenya was influenced by retrenchment strategy and that the retrenchment strategy positively and significantly influences the organizational influence. Retirement mainly involves reducing various additional positions that are not overused in the well-being of the organization hence efficiency is improved and there is a risk of losing dedicated employees while eliminating the retrenchment strategy.

5.2.2 Investment Strategy

The study aimed at examining how Kenyan commercial bank's performance was influenced by investment strategy and found that the investment strategy positively and significantly influences organizational performance. Retirement mainly involves reducing various additional positions that are not overused in the well-being of the organization hence efficiency is improved and there is a risk of losing dedicated employees while eliminating the retrenchment strategy.

5.2.3 Enterprise Management Strategy

The study aimed at exploring how enterprise risk management strategy influenced the performance of a commercial bank and revealed that the enterprise risk management strategy positively and significantly influences the organizational impact. Enterprise risk management strategies provide a greater understanding of the value of enterprise risk management when setting up and performing an enterprise risk management strategy and expand reporting to address expectations for greater stakeholder transparency in the enterprise risk management strategy.

5.2.4 Strategic Outsourcing

This study aimed at seeking how strategic outsourcing influenced performance of a Kenyan commercial bank in Kenya and determines whether strategic outsourcing positively and significantly influences organizational performance. Strategic outsourcing makes a company more versatile and agile, allowing it to respond to changing market demands and challenges while saving money and improving service quality, and that strategic outsourcing enables Kenya Commercial Bank to increase its operational efficiency, thus increasing productivity.

5.3 Conclusions

5.3.1 Retrenchment Strategy

Retrenchment strategy is a cost management strategy; Withdraws products or services from the market and reduces the size of the competition. The restructuring of the bank to reduce operational costs, improve communication and decision making and introduce new technologies can enjoy increasing operational efficiency, so the bank has resumed operations.

5.3.2 Investment Strategy

The bank's investment strategy is based on the risk-return tradeoff faced by investors, and serves as a guide for creating and choosing investment portfolios. It enables investors to gather sensitive market information as well as insights on possible future dynamic developments and business models, and it provides clarity that aids in explaining behavior that may influence price volatility or be responsible for that perceived danger.

5.3.3 Enterprise Risk Management Strategy

Enterprise risk management allows the bank to cope with volatility, as well as the challenges and opportunities that come with it, in a realistic way, boosting brand equity and profitability. It aids in the identification and selection of risk responses such as avoidance, reduction, transition, and acceptance. It aids in accurate reporting and compliance with laws and regulations, as well as preventing reputational harm and its effects.

5.3.4 Strategic Outsourcing

The bank conducts a strategic outsourcing to improve its focus on key business activities in terms of its strengths, allowing employees to focus on their core functions and future strategy. Strategic outsourcing helps the bank achieve a much higher quality, more productive, efficient service. It provides the bank with access to capabilities and services that would otherwise be unavailable or unaffordable.

5.4 Recommendations for Policy and Practice

5.4.1 Retrenchment Strategy

On retrenchment strategy, the study recommended that the bank should be fair when deciding who is to be laid off. Ensure that the selection process is transparent and measurable and based on objective criteria. The bank should be quick to handle the situation when there is a sign of trouble before it gets out of control. Effective communication is extremely important during any retreat exercise. Carry out career coaching so that there is an opportunity to create negative relationships between employees and the organization even if they are no longer working under the organization.

5.4.2 Investment Strategy

The bank should increase its financial capacity efforts which can contribute to positive behaviors like in acquiring products as well as the services that are new together repaying loans, commitment to investment. But for these tasks to be successful, investment literacy and capacity building programs need to be incorporated into the investment strategy.

5.4.3 Enterprise Risk Management Strategy

The bank's board should understand their strategic risks and how management is managing and monitoring those risks. Early evaluation can be beneficial, and it should include both senior management and the board of directors. Management should take the lead in performing the evaluation, but it should include feedback from board members, and once it is done, management and the board should review and evaluate it thoroughly.

5.4.4 Strategic Outsourcing

The bank should meet people whose values are tied to them and who subscribe to the bank's purpose and vision. Set realistic goals to give employees goals to boost their morale and motivate everyone to work hard in improving performance in firms. The bank should invest in training and development to manage strategic outsourcing and actively build positive relationships.

5.5 Suggestions for Further Studies

The purpose of this research was to examine how the performance of Kenya Commercial Bank in Kenya was affected by the response strategy. Selected response strategies included retrenchment, investment, enterprise risk management and strategic outsourcing. This study also suggests that a similar study should be conducted that focuses on other financial institutions.

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APPENDICES

Appendix I: Letter of Introduction

The administrator

Kenya Commercial Bank

Nairobi-Kenya

Dear Respondent

<u>Re: Request for Participation in Research Study</u>

I am an MBA student at Kenyatta University. Currently working on an academic research titled *‘**Response Strategies and Performance of Kenya Commercial Bank in Kenya**’* the results of the study will form a basis for formulating ways of enhancing firm better performance.

Please note that your answers will be treated with complete confidentiality and your feedback will only be used for this research purpose. Please read each question and tick or write as advised.

Yours faithfully,
Muli Kialyulo

APPENDIX II: QUESTIONNAIRE

<u>Section A: Demographic Data</u>

a) Specify Gender: (1) Male (2) Female

b) What is your current education status?

(1) Diploma (2) Post Graduate Diploma

(3) Bachelors Degree (4) Master's Degree

c) Show the years you have been in the banking industry:

(1) Less than 5 years (2) 5-9 years

(3) 10- 15 years (4) Above 15 Years

<u>Section B: Response Strategies</u>

Show how you agree with the way investment, retrenchment, enterprise risk management and strategic outsourcing influences Kenya commercial bank's performance?

<u>Use:</u> 5. Strongly agree(SA), 4. Agree(A), 3. Undecided(U), 2. Disagree(D), and 1. Strongly Disagree.

Investment strategy	**1**	**2**	**3**	**4**	**5**
The investment strategy assumes that the market has not realized the potential of the various stocks known to it					
The investment strategy aims to move the market forward with its fund portfolio					
The focus on the strategy in investment strategy is based on a highly investment risk and returns within a short period					
The investment strategy involves investing in invaluable stocks					
The strategy on investment strategy looks at reducing portfolio risk through addition of stable shares					
The investment strategy yields consistent and reliable income					

d) How is the Kenya Commercial Bank's performance influenced by investment strategy

…………………………………………………………………………………………………

Retrenchment Strategy

Retrenchment strategy	**1**	**2**	**3**	**4**	**5**
Retrenchment strategies are used to reduce operating costs for better organizational performance					
Retrenchment strategies are used to reduce the size of the company to improve the organization					
Retirement boosts profits for shareholders and creates strategies to avoid recession					
Return strategy improves communication and decision making when the organization eliminates management levels during its restructuring					
Retrenchment mainly involves cutting various additional conditions that are not used in the well-being of the organization to improve efficiency					
Retirement strategies run the risk of losing dedicated employees while eliminating the pointless path					

e) How is the Kenya Commercial Bank's performance influenced by retrenchment strategy

………………………………………………………………………………………………

Enterprise risk management strategy	**1**	**2**	**3**	**4**	**5**
Provides a good knowledge on managing risk in an enterprise during formulating and implementing the strategy					
Alignment is improved linking performance and management of risk in enterprise meant for improving goals for performance and understanding how risk impacts performance					
Introduces new ways of looking at risk to determine and achieve an objective in terms of greater business complexity					
The report expands to address expectations for greater stakeholder transparency					
Includes evolving technologies and analytics to support data expansion and decision making					
Enterprise risk management methods determine the basic definitions, components, and principles for managing all levels of design, implementation, and management					

f) How is the Kenya Commercial Bank’s performance influenced by the enterprise risk management strategy

……………………………………………………………………………………………

Strategic outsourcing	1	2	3	4	5
Strategic Outsourcing enables Kenya Commercial Bank in putting more emphasis on major activities in banking enabling employees put more emphasis on the main functions and future strategy					
Strategic outsourcing enables Kenya Commercial Bank to increase its operational efficiency, thus often achieving a more productive, efficient service					
The savings gained through outsourcing help the bank to raise capital to invest in other areas of their business					
Strategic outsourcing provides the banks in accessing capability and facility that could be not have been accessed					
Strategic outsourcing allows the bank to take advantage of its entire supply chain's expertise and skills.					
Strategic outsourcing allows businesses to be more flexible and agile, adapting to evolving market demands and challenges while saving money and improving service quality.					

a) How is the Kenya Commercial Bank’s performance influenced by the strategic outsourcing strategy

……………………………………………………………………………………………

Organisational performance	1	2	3	4	5
The bank has increased its market share					
The bank has improved its operational efficiency					
The bank offers products and services that are satisfactory to their customers					

APPENDIX III: APPROVAL OF RESEARCH 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: 31st October, 2019

TO: Muli Kialyulo
C/o Business Administration Dept.

REF: D53/CE/28794/15

SUBJECT: APPROVAL OF RESEARCH PROPOSAL

We acknowledge receipt of your revised Research Proposal as per our recommendations raised by the Graduate School Board of 2nd October, 2019 entitled **"Response Strategies and Performance of Kenya Commercial Bank in 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 Forms per semester. The form has been developed to replace the Progress Report Forms. The Supervision Tracking Forms are available at the University's Website under Graduate School webpage downloads.

Thank you.

ANNBELL MWANIKI
FOR: DEAN, GRADUATE SCHOOL

C.c. Chairman, Department of Business Administration

Supervisors:

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

AM/jbm

APPENDIX IV: NACOSTI RESEARCH PERMIT

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Ref No: **535597**

Date of Issue: **03/February/2020**

RESEARCH LICENSE

This is to Certify that Mr.. Paul Kialyulo of Kenyatta University, has been licensed to conduct research in Nairobi on the topic: RESPONSE STRATEGIES AND PERFORMANCE OF KENYA COMMERCIAL BANK IN KENYA for the period ending : 03/February/2021.

License No: **NACOSTI/P/20/3462**

535597

Applicant Identification Number

Director General

NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

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