

**MANAGERIAL CAPABILITY AND FIRM PERFORMANCE OF ABSA BANK  
IN NAIROBI CITY COUNTY, KENYA**

**MBOGO IRENE KARIMI  
D53/OL/CTY/21946/2021**

**A RESEARCH PROJECT SUBMITTED TO THE SCHOOL OF BUSINESS,  
ECONOMICS, AND TOURISM FOR THE PARTIAL FULFILMENT FOR THE  
REQUIREMENTS OF THE AWARD OF MASTER DEGREE IN BUSINESS  
ADMINISTRATION OF KENYATTA UNIVERSITY**

**NOVEMBER, 2023**

**DECLARATION**

This project is my original work and has not been presented for a degree in any other university.



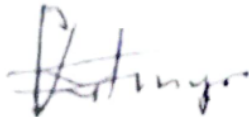
Signature.....

Date... 21/11/2023 .....

**Mbogo Irene Karimi**

D53/OL/CTY/21946/2021

This project was submitted for examination with my approval as a university supervisor.



Signature.....

Date... 21<sup>st</sup> November 2023 .....

**Dr. Godfrey Kinyua (PhD)**

Business Administration Department,

School of Business, Economics and Tourism.

Kenyatta University.

## ABSTRACT

From one fiscal year to the next, the banking sector's performance has varied. This is a result of falling interest income, escalating bank and non-bank rivalry, and technology advancements with their corresponding need for product enhancement. Although ABSA Bank enjoys a sound asset base, its market share was 6.69% as compared to that of KCB at 14.2% in 2022. It is the fifth-best bank after KCB, Equity, NCBA, and Co-operative Bank. The performance of the banks also declined in the following years: 2019, 2020, 2021, and 2022, which manifested itself in the client base, credit accounts, the quality of assets, market share, and customer account deposits. In addition, the banks had slow growth in net advances and loans as well. This suggests that the bank's firm performance has not been outstanding so the management must concentrate on their managerial capability to improve the performance. Determining how managerial capability impacted ABSA Bank's firm performance in Nairobi City County, Kenya, was the main objective. The specific objectives of the study were to determine the effect of networking, opportunity sensing, opportunity seizing, and innovation capabilities on the firm performance of ABSA Bank in Nairobi City, Kenya. The variables of the study were built on the theories of resource-based, networking, and dynamic capability. The research methodology chosen was descriptive. 404 managers at senior, business, and functional levels participated in the ABSA Bank Kenya survey. It was done by proportionate stratified random sampling. The Yamane formula led to the discovery of 201 respondents. Data analysis employed both descriptive and inferential statistics. The designated manager helped to make sure that appearance matched substance. According to the poll, ABSA Bank is constantly looking for fresh business opportunities in the area. The majority of respondents concurred that the group members successfully connected their operations and understood each other's roles and responsibilities. They admitted that they purposefully linked their actions together in order to adjust to changing circumstances. The research also revealed that ABSA Bank was adept at producing new data that could influence product development and occasionally created new goods and services. These attributes allowed ABSA Bank to adapt to market changes quickly. The study came to the conclusion that its firm performance was significantly impacted by its capacity for networking, opportunity sensing, opportunity seizing, and innovation. In light of the study's findings, it is recommended that ABSA Bank concentrate its efforts on maximising the use of relational trust. The ability to recognise and seize opportunities is improved by encouraging employee participation in public forums. To increase customer satisfaction, significant improvements have been made to the services. To increase a bank's capacity for innovation, suitable system requirements must be established to meet the expectations associated with innovation. The report claims that in a time of increased competition and digitalization, commercial banks must prioritise initiatives aimed at enhancing their innovation capability. The study suggested for more research at commercial banks in Kenya, as well as other financial institutions in order to ascertain if comparable findings may be obtained.