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EFFECT OF RESPONSE STRATEGIES ON COMPETITIVENESS OF PUBLIC LISTED COMMERCIAL BANKS, KENYA

[1*]Julius Mutegi Nthigah & [2]Dr. Richard Mwangangi

[1*]Scholar, Jomo Kenyatta University of Agriculture and Technology, Kenya

[2]Lecturer, Jomo Kenyatta University of Agriculture and Technology, Kenya

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Abstract

The twenty-first century challenges and trends in commercial banks require banks to respond appropriately in order to enhance and sustain their competitiveness. Banks face stiff competition from rival banks, non-financial institutions and technology firms entering the financial services sector. This study sought to establish the effect of response strategies on the competitiveness of public listed commercial banks, Kenya. This study was designed to meet the ensuing specific targets: examine the influence of technology adoption on the competitiveness of public listed commercial banks and assess the influence of cost reduction strategies on competitiveness of public listed commercial banks, Kenya. The study was grounded in the following underlying principles: Innovation Diffusion Theory and Transaction Cost Theory. The research used a descriptive cross-sectional research design. The population of interest was 31,144 employees in 10 public listed commercial banks, Kenya. A total of 210 respondents was used as sample size. The sample size was arrived at by use of purposive and simple random sampling techniques. Primary data was used in the study. Questionnaires were used to collect the primary data. The validity and reliability of the questionnaire was tested by carrying out a pilot study. Cronbach's alpha was employed to assess the internal consistency of every variable utilized within the research. A Cronbach alpha score higher than 0.7 was achieved for reliability, while a factor loading surpassing 0.7 was obtained for validity. Qualitative data that was gathered was analyzed through the application of descriptive and inferential statistics using SPSS version 29. Regression and correlation analysis were done too. The study revealed that response strategies significantly influence the competitiveness of public listed commercial banks in Kenya. Technology adoption and cost reduction strategies had positive influence on competitiveness. The study recommended that public listed commercial banks should implement the appropriate response strategies to improve their competitiveness.

Keywords: *Response Strategies, Competitiveness, Technology Adoption, Cost Reduction Strategies*

INTRODUCTION

Response strategies in the field of banking refer to the plans and actions that banks and other financial institutions take to address various challenges, risks, and opportunities that arise in their operations. The twenty-first century has given birth to a myriad of challenges to the banking industry. Banks operate in turbulent business environments which call for strategic decisions to survive. Competition is becoming unbearable to corporate leaders, demanding the need for high-level strategic thinking to offer solutions to the immensely volatile business environment (Weor, 2018). For banks to survive in today's competitive business environment, they have to respond appropriately to the environment. In today's environment, the competitiveness of Commercial Banks hinges on their ability to promptly address customer requirements and their capacity to increase their customer base (Gorditsa, 2021). Thuy and Doung (2021) noted that the level of competitiveness among commercial banks shows the intrinsic strength of the bank itself to be able to offer products (services) to meet the needs of customers in the best way and maintain, attract customers, expand market share to increase profitability.

A study by Aliyu and Tasmin (2021) in Malysia on the influence of ICT on the performance of banks and their ability to provide quality customer service in the banking sector found that banks reduce cost as response to culture of ICT adopted by all banks as well as improving customer service delivery. Banking industry players should continuously innovate by offering new digital services like mobile banking apps, online account opening, and AI-driven chatbots (Malik et al., 2021). Within the context of local Oil marketing companies in Nigeria, Babatunde et al., (2017) revealed that response strategy is strongly linked to improved firm performance, offering local oil marketing companies a chance to thrive in Nigeria's highly competitive market. Adegbaju and Bello (2018) notes that banks should implement cost-reduction measures while maintaining service quality to improve profitability.

A report by World Bank (2020) discusses how banks in Zambia can invest in digital banking platforms and innovative solutions to offer convenient and efficient services to customers. This includes mobile banking apps, online account management, and digital payment systems. According to the report, this can enhance competitiveness and financial inclusion in Zambian banking industry. Kalungu (2019), within the context of banking industry in Tanzania posit that competitive strategies have positive relationship on performance of Community Rural Development Bank (CRDB) in Tanzania. The findings revealed that bank's performance had significant relationship on cost leadership, differentiation strategy and focus strategy. This implies that reduced cost of services, technology innovation to make bank product unique and focus on the market in terms of either expanding it or reducing cost will give the bank a competitive edge in the industry. Momanyi (2020), observes that banks in Tanzania use network expansion strategy, increased market share, infrastructure and human capital development to respond to industry competitive environment. He found out that banks need to develop the market driven customer products and services at a lower cost or differentiation strategy in order to survive competition forces in the market.

Competitiveness in Kenyan banking industry is critical factor for banks' long-term success and sustainability. To maintain and enhance competitiveness, banks can implement various response strategies. KPMG report (2021) notes that banks should embrace efficient cost management to enhance competitiveness. Banks should regularly review their cost structures and seek opportunities for optimization. In a study conducted by Muigai and Gitau (2018), suggest that the adoption of product innovation strategies has a favourable and substantial impact on the financial performance of banks operating within the Kenyan banking industry. Kilonzi (2017), observes that the application of technology in the banking industry especially in the account opening process, cheque imaging transmission, call centers, gross settlement of payments using mobile phones among other services constitute response strategies embraced by financial institutions. The study found that the use of mobile technology to carry out transactions which would otherwise been done by physical visiting a bank enables a bank to have a competitive advantage in the industry. The mobile banking services have enhanced high quality customer service delivery, personalized services, quickened transaction processing and increased profitability.

Public listed commercial banks are financial institutions that offer banking services and are publicly traded on a stock exchange. This means their shares are available for purchase by the public, allowing investors to own a part of the bank. Kenya's banking sector is made up of retail banks and Central Bank of Kenya (CBK). As at 31 December 2021, the NSE listed banks comprised of 10 commercial banks whose shares are traded in Nairobi Stocks Exchange (NSE).

Public listed commercial banks raise capital to do business by selling shares in NSE. The shares of public listed banks comprise the highest traded shares in NSE. This has been contributed by the trust the shareholders have towards the performance of these banks. According to Cytonn report (2017), public listed banks growth drivers were cost rationalization, expansion and consolidation, revenue diversification, capital conservation, provisioning and growth in interest income. Omwando (2017) asserts that the profitability of public listed commercial banks is closely tied to the quality of their assets.

Statement of the Problem

In today's dynamic banking industry, commercial banks face many challenges that significantly impact their competitiveness. According to Oluoch et al., (2021), there is high levels of non-performing loans among Kenyan listed commercial banks. This is collaborated by the Central Bank Annual Supervision Report, 2022 which indicates an increase in NPLs for the year 2022 by 9.4%. There are persistently high operating costs in banking sector in Kenya (Muoki, 2022). According to CBK report of 2022, banking sector expenses increased by 16.5% in the year ending December 2022. The report further indicates a decrease in liquidity ratio which stood at 50.8% in 2022 compared to 56.2% in 2021. Public listed commercial banks also face the pressure to expand the market reach through digital channels (Omwansa et al., 2022).

While studies have evaluated factors influencing competitiveness and performance of commercial banks in Kenya (Malala & Kadubo, 2019; Migwi, 2020), there remains a knowledge gap on the actual response strategies adopted by public listed banks amidst the competitive pressure and whether these responses have improved their competitiveness. Research studies into strategic responses on competitiveness have revealed gaps in both scope and conceptual knowledge. Kisirkoi, Njeru, and Waiganjo (2017) conducted a research project with the goal of identifying the factors that impact the competitiveness of registered banks in Kenya. Their study encompassed a broader scope, involving 43 officially registered commercial banks. Oduori and Owaga (2021) conducted a study that examined how competitive strategies impact the financial sustainability of registered commercial banks in Kenya. Their research primarily concentrated on the aspect of financial sustainability. These research findings suggest there are gaps in conceptual knowledge attributed to variations in the strategic responses examined. This implies that the strategic responses have not been exhaustively explored. The lack of information highlights the necessity for this study to concentrate on strategic responses on competitiveness of public listed commercial banks, Kenya.

General Objective

To establish the effect of response strategies on the competitiveness of public listed commercial Banks, Kenya.

Specific objectives

i. To examine the influence of technology adoption on the competitiveness of public listed commercial banks, Kenya.

ii. To assess the influence of cost reduction strategies on the competitiveness of public listed commercial banks, Kenya.

LITERATURE REVIEW

Theoretical Review

Innovation Diffusion Theory

This theory was advanced by Everett Rogers in 1962. This theory suggests that adoption is the way in which an innovation is transmitted to and spread among individuals within a social system through specific communication channels over a period of time (Rogers, 2003). Diffusion of innovations remains a foundational concept in the study of technology adoption in banking. Several factors influence the diffusion of banking innovations. These factors include perceived ease of use, perceived usefulness, compatibility with existing systems, relative advantage over current practices, and regulatory environment. Mobile banking apps have rapidly diffused among bank customers. Innovations like mobile check deposits and payment apps have been adopted due to their perceived relative advantage, compatibility with existing lifestyles, and ease of use (Gupta and Chauhan, 2020). Open banking initiatives, which enable third-party access to customer data have diffused at varying rates across different regions. The theory helps explain the variations based on factors like regulatory support and perceived benefits (Mörtberg, 2021). Banks can use the theory to understand the diffusion patterns of various fintech innovations, including peer-to-peer lending platforms, robo-advisors and digital payment solutions, to develop effective adoption strategies (Breznik and Hisrich, 2019).

Rogers classifies diffusion in his adoption framework into five stages: innovators, early adopters, the early majority, the late majority and laggards each with certain percentages of within the population in the society. According to Rogers, the adoption of an innovation is affected by four elements: the innovation itself, communication channels, time and the social system. This theory can be applied to either individuals or organizations. Various factors affect the use of new technologies by listed banking industry players in Kenya. These factors encompass both internal and external aspects and include innovation attributes, demographic variables, environmental and institutional factors. Rogers (1986), came up with attributes of innovation which are important in its adoption. Members of all social systems do not readily accept an innovation in the same order and at the same rate (Rogers, 2003). This theory serves as a scientific framework for comprehending why certain technologies are rapidly embraced and utilized, whereas others are not. Zhang et al. (2015) point out that the diffusion of innovation theory is the most recognized framework for examining the adoption of technology and gaining insight into how innovations in information technology spread among and across social systems. The innovation of diffusion theory provides a foundation that can be used to guide and understand the factors that influence innovation diffusion with a social system including organizational strategy (Makovhololo, 2017). This theory provides insights into the process through which innovations are adopted by individuals and groups over time.

Transaction Cost Theory

Transaction Cost Theory (TCT) was developed by Ronald Coase in his landmark paper "The Nature of the Firm" published in 1937, and later expanded upon by Oliver E. Williamson in the 1970s. This theory seeks to explain why economic actors, such as individuals and firms, choose certain types of organizational structures and modes of interaction based on minimizing transaction costs. Transaction cost theory posit that the optimum organization structure is one that attains economic efficiency by reducing expenses associated with the transactions. Every form of transaction produces coordination cost of monitoring, controlling and managing transactions (Williamson, 1979). This theory is based on the principle that costs will rise when you get someone to do something for you. Commercial banks capitalize on minimizing cost by being more efficient in order to make more profit.

According to Kombe et al (2015), advancement in technology cause the transaction costs to reduce in commercial banks. The reduction in transaction cost can stimulate financial innovation and improvement in financial services (Kombe et al, 2015). Information technology has the potential to significantly reduce a company's operational expenses by facilitating effective coordination of its activities, streamlining management processes, and enhancing the utilization of information to make well-informed decisions. Reduction of transaction cost through agency banking, internet banking and mobile banking influence growth in profitability in listed commercial banks. Transaction cost theory can guide banks in deciding whether to outsource these functions or keep them in-house. The theory helps assess the transaction costs and risks associated with each option. Reducing the workforce, including layoffs, can be a strategy to minimize transaction costs. TCT can help banks assess the costs associated with layoffs, such as severance packages, retraining, and potential disruptions in operations (Martínez-Mier, 2018).

Conceptual Framework

A conceptual framework is an illustration of relationship between variables (Swaen et al., 2022). It provides a structured representation of the key concepts, variables, relationships, and theories relevant to the study topic. The purpose of a conceptual framework is to help researchers clarify their research questions, identify the variables they need to measure or analyze, and understand the theoretical basis for their study.

explained by the conceptual framework.

Independent Variables **Dependent Variable**

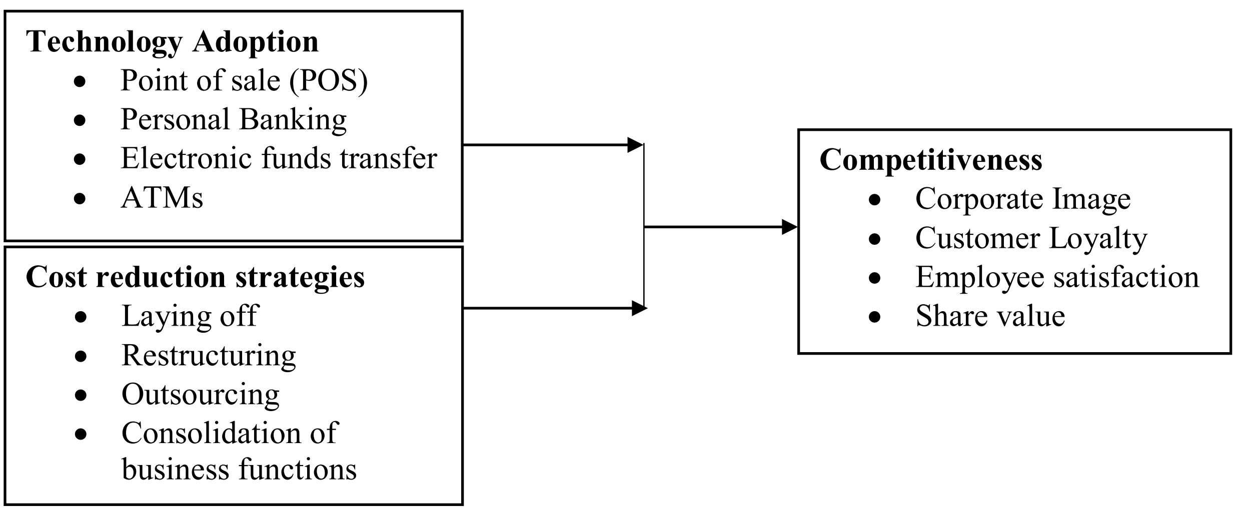

Figure 1: Conceptual framework

Empirical Review

Technology Adoption

Guyo (2014) conducted a research study that focused on examining how the adoption of technology impacts the efficiency of commercial banks. The study made use of a descriptive research design and centered on 43 commercial banks from the year 2013. The main source of data for the study was secondary data. The research leveraged on descriptive and inferential statistical methods to analyse the collected data. SPSS version 21 was used as a tool of analysis. The research findings concluded that the utilization of technology is associated with an increase in the efficiency of banking sector players. A study by Kamau et al., (2019) in the context of banking industry in Kenya examined the effect of technology on competitive advantage. The study focused on 37 commercial banks and targeted 259 respondents in seven departments of the 37 commercial banks. Questionnaires were used to collect the primary data with statements captured on five Likert scale. The research concluded that technology has a noteworthy and favourable impact on enhancing the competitive advantage of commercial banks.

Dalis, Obumneke and progress (2017) within the banking sector in Nigeria studied "Effect of ICT Adoption on Competitive Performance of Banks in an Emerging Economy: The Nigerian Experience." The research leveraged on descriptive research design and centered on 896 staff members from specific commercial banks. The research utilized purposive sampling to collect data from 171 participants. Data from the respondents was gathered using a questionnaire that employed a five-point Likert scale. The research findings showed that the use of information and communication technology (ICT) in the banking industry led to a corresponding rise in return on investment.

Cost Reduction Strategies

Mukira, Kariuki, and Muturi (2022) evaluated how cost reduction strategies impact the performance of commercial banks in Kenya. The study made use of a census approach, targeting 41 commercial banks. The research centered on senior managers in the finance and operations departments and gathered data from a sample of 82 participants. The research made use of a cross-sectional survey design and utilized a questionnaire as the primary data collection tool. Additionally, the study incorporated secondary data from audited financial statements of the commercial banks. The results of the research revealed that cost- reduction strategies had a positive influence on the performance commercial banks.

Kilonzo and Nyamwange (2016) examined how cost-cutting measures impact the quality of services provided by commercial banks in Kenya. The research study leveraged on a descriptive research design and concentrated on senior managers working in the operations departments of these banks. The research gathered data from two respondents from each of the 44 commercial banks, resulting in a total sample size of 88 participants. The selection of respondents for the study was carried out using a simple random sampling method. Quantitative data was collected through questionnaire and analyzed by use of descriptive statistics while qualitative from open ended questions was analyzed by use content analysis. The study found that banks implement long-term strategic initiatives such as laying off, pay reduction practices, shrinking product portfolio, outsourcing services, flexible work options and restructuring.

RESEARCH METHODOLOGY

Research Design

This study made use of a descriptive cross-sectional research design, which is used to collect data about a population or a particular phenomenon at a specific moment in time. It is called "cross-sectional" because it involves data collection from a diverse group of participants at a specific moment, rather than following them over time. This design involves gathering data from a subset of individuals and providing an overview of different features or factors without any experimental intervention (Brown and Johnson, 2023). The main objective of this type of research is to depict and gain insight into the existing conditions or occurrences of variables within a population at a specific moment in time. Data in descriptive cross-sectional studies can be collected through surveys, questionnaires, interviews, observations, or secondary data sources. The choice of method depends on the research objectives and available resources (Neuman, 2014). This design is cost-effective and time-efficient.

Target Population

This research concentrated on a particular subset of financial institutions in Kenya, namely, the 10 public traded commercial banks. Within these banks, the study encompassed the personnels who belong to seven distinct departments. It's important to highlight that in the year 2023, these 10 publics listed commercial banks had a combined workforce of 31,144 individuals, as indicated in the banking sector reports. Table 1 illustrates the distribution of this population among 10 public listed commercial banks in Kenya.

Table 1: Distribution of Bank Employees

S/NO.	Bank Name	Number of Employees
1	KCB	6,565
2	Equity Bank Kenya Plc	7,688
3	Co-operative Bank Kenya Plc	4,766
4	NCBA Bank Kenya Ltd	2,635
5	ABSA Bank Kenya Ltd	2,304
6	DTB Kenya Ltd	2,481
7	Standard Chartered Bank Kenya Ltd	1,061
8	Stanbic Bank Kenya Ltd	1,088
9	I & M Bank Kenya Ltd	2,143
10	HFC Kenya Ltd	413
Total		**31,144**

Sample size

The sample size of this study was 210 respondents drawn across the 10 public listed commercial banks. Simple random sampling technique was used to select 3 employees (regardless of the rank in the bank) from each of the 7 seven departments in 10 public listed commercial banks in Kenya. The sample size was purposely selected as in the table 2 below:

Table 2: Distribution of Sample Size

Bank Name	Number of Sample Departments	Sample Size per Department	Sample Size per Bank
KCB	7	3	21
Equity Bank Plc	7	3	21
Co-operative Bank Kenya Plc	7	3	21
NCBA Kenya Ltd	7	3	21
ABSA Bank Kenya Ltd	7	3	21
DTB Kenya Ltd	7	3	21
Standard Chartered Bank Kenya Ltd	7	3	21
Stanbic Bank Kenya Ltd	7	3	21
I & M Bank Kenya Ltd	7	3	21
HFC Kenya Ltd	7	3	21
Total			**210**

Data Collection Instruments

This study used structured questionnaire to collect primary data. Questionnaire used in collection of data in this study was ordinal scale where questions were structured on an agreement continuum using 5-point Likert type scale. The questionnaires were self -administered to collect the information needed for the study.

Pilot Study

A pilot sample size of 21 respondents was selected to test the reliability and validity of the research questionnaire. A pilot study was carried out to pretest the validity and reliability of questionnaire and enable the researcher familiarize with research environment.

Data Analysis and Presentation

The data was collected, cleaned, coded and errors and omissions checked. Data was analyzed using SPSS V.29. The quantitative data that was gathered was subjected to descriptive analysis techniques, including the computation of frequencies, percentages, means, and standard deviations. Data was presented in tables and figures. The research was guided by the following model:

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

FINDINGS AND DISCUSSIONS

Reliability of Research Instruments

The questionnaire was tested to ascertain its internal consistency reliability. Cronbach's alpha was used to assess the internal consistency or reliability of items in the study questionnaire. The reliability analysis is indicated in the Table 3. The table shows that all items had Cronbach alpha value of over 0.7, indicating that questionnaire items were all reliable.

Table 3: Reliability Analysis

Variable	Nature of Variable	Cronbach's Alpha	No. of Items
Technology Adoption	Independent	0.903	5
Cost Reduction	Independent	0.843	5
Competitiveness	Dependent	0.827	5

Response Rate

The targeted sample size was 210 employees of public listed commercial banks in Kenya and to whom 164 questionnaires were dully filled and returned translating to 78%. According to Kothari (2023), a response rate of 50% is adequate for analysis and reporting while anything above 70% is considered excellent.

Descriptive Analysis of Study Variables

Technology Adoption

The study aimed to explore how the adoption of technology influences the competitiveness of publicly listed commercial banks. Respondents rated various statements regarding technology adoption on a scale from 1 to 5. The evaluation covered multiple aspects such as point of sale systems, personal banking, electronic funds transfers, and ATMs.

Table 4: Weighted Means for Technology Adoption

Statements on Technology adoption	N	Minimum	Maximum	Mean	SDV
Technology adoption has improved bank overall competitiveness.	164	1	5	4.06	0.929
Bank has implemented point of sale (POS) to enhance business customer loyalty.	164	1	5	4.19	0.655
The bank has adopted mobile banking and internet banking to increase customer loyalty.	164	1	5	3.25	1.065
Electronic funds transfer has been adopted by the bank to enhance corporate image.	164	1	5	3.81	0.911
The bank has heavily invested in ATMs to enhance customer loyalty.	164	1	5	4.00	0.894

On average, respondents tended to agree with the statements that technology adoption impacts the competitiveness of the listed commercial banks (Mean= 3.85, SDV = 0.891). The findings reveal several key insights into the impact of technology adoption on listed commercial banks in Kenya. The respondents agreed that the adoption of technology positively influences the competitiveness of listed commercial banks. This is supported by a mean score of 4.06 and a standard deviation of 0.929, indicating a strong consensus among respondents. There was a strong agreement that the use of point of sale (POS) systems impacts customer loyalty to their banks, with a mean score of 4.19 and a standard deviation of 0.655. Additionally, the results indicate that electronic funds transfer (EFT) has enhanced the corporate image of listed commercial banks. This is reflected in a mean score of 3.81 and a standard deviation of 0.911, demonstrating that respondents generally perceive a positive impact, though with slightly more variability in their opinions compared to the other factors. The participants remained neutral regarding whether mobile banking and internet banking contribute to enhanced customer loyalty, with an average score of 3.35 and a standard deviation of 1.065 while concurring that their individual banks have made significant investments in ATMs to bolster customer allegiance (Mean=4.00, SDV=0.894).

Cost Reduction Strategies

Cost reduction strategies were assessed by considering several factors, such as employee layoffs, restructuring, outsourcing services, and consolidating business functions. This research aimed to assess how cost reduction strategies impact the competitiveness of public listed commercial banks in Kenya. The results of the study are detailed in Table 5.

Table 5: Weighted Mean for Cost Reduction Strategies

Statements on Cost Reduction Strategies	N	Minimum	Maximum	Mean	SDV
The bank has implemented cost reduction strategies for better customer loyalty.	164	1	5	3.87	0.913
The bank has had bank layoffs in an effort to increase on its efficiency and customer loyalty.	164	1	5	4.07	0.629
The bank has undergone restructuring to enhance its employee satisfaction.	164	1	5	3.44	1.094
The bank uses outsourcing to improve on corporate image.	164	1	5	3.81	0.981
Consolidation of business functions greatly helped on corporate image.	164	1	5	4.00	0.826

The weighted means results on Table 5 show the highest mean as 4.07 with standard deviation of 0.629 and the lowest mean as 3.44 with standard deviation of 1.094 indicates uniform curves implying there was a correlation between cost reduction strategies and competitiveness of publicly listed commercial banks.

Overall findings align with the statements on cost reduction strategies (Mean=3.84, SDV=0.889). Majority of the respondents agreed that their banks had implemented cost reduction strategies to enhance customer loyalty (Mean=3.87, SDV=0.913) and that bank layoffs has been done in their banks to increase their efficiency and customer loyalty (Mean=4.07, SDV=0.629). The results also revealed that restructuring enhances employee satisfaction though with high variability

(Mean=3.44, SDV=1.094). The respondents also concurred that their banks delegate certain services to external providers to enhance their corporate image (Mean=3.81, SDV=0.981) and that consolidation of business functions has greatly helped in corporate image of their banks (Mean=4.00, SDV=0.826).

Competitiveness

Competitiveness was assessed by examining various factors such as corporate image, customer loyalty, employee satisfaction, and share value. The respondents rated different statements about competitiveness on a scale of 1-5. The results of the study are shown in Table 6.

Table 6: Weighted Mean for Competitiveness

Statements on Competitiveness	N	Minimum	Maximum	Mean	SDV
To remain competitive, the bank is always working on new and different response strategies.	164	1	5	4.26	0.912
Many of our response strategies on competitiveness build our corporate image.	164	1	5	4.18	0.491
We apply any necessary response strategy to enhance customer loyalty.	164	1	5	4.15	1.095
Good response strategy will always improve on banks' corporate image.	164	1	5	3.97	0.929
The bank is always introducing new strategic responses to build on the share value.	164	1	5	4.19	0.621

The weighted means results on Table 4.16 show the highest mean as 4.26 with standard deviation of 0.912 and the lowest mean as 3.97 with standard deviation of 0.929 indicates uniform curves implying there was a correlation between response strategies and competitiveness of publicly listed commercial banks.

Overall, the findings are consistent with the statements regarding the competitiveness of listed commercial banks (Mean=4.15, SDV=0.810). From the results, it is evident that banks always work on new and different strategies to enhance their competitiveness (Mean=4.26, SDV=0.912). The respondents also agreed that many response strategies boost corporate image of their banks (Mean=4.18, SDV=0.491) and that necessary response strategies are applied to enhance customer loyalty (Mean=4.15, SDV=1.095). Similarly, good response strategies improve on banks' corporate image (Mean=3.97, SDV=0.929). Further, findings indicate that the banks always introduce new strategic responses to build on share value (Mean=4.19, SDV=0.621).

Correlation Analysis

The study employed the Pearson correlation coefficient to measure the magnitude and direction of these relationships.

Correlation Analysis for Technology Adoption

The correlation was used to determine how closely the changes in technology adoption are associated with changes in competitiveness. Table 7 shows that there is 43.7% positive correlation between technology adoption and competitiveness of public listed commercial banks in Kenya.

Table 7: Pearson Correlation Coefficients for Technology Adoption

		Competitiveness	Technology Adoption
Competitiveness	Pearson Correlation	1	.437**
	Sig. (2-tailed)		.000
	N	164	164
Technology Adoption	Pearson Correlation	.437**	1
	Sig. (2-tailed)	.000	
	N	164	164

Correlation Analysis for Cost Reduction Strategies

The study sought to determine the correlation between cost reduction strategies and competitiveness. The Pearson moment correlation coefficient was employed to assess the connection between cost reduction strategies and competitiveness. Table 8 shows that there is 47.5% positive correlation between cost reduction strategies and competitiveness of public listed commercial banks.

Table 8: Pearson Correlation Coefficients for Cost Reduction Strategies

		Competitiveness	Cost Reduction Strategies
Competitiveness	Pearson Correlation	1	.475**
	Sig. (2-tailed)		.000
	N	164	164
Cost Reduction Strategies	Pearson Correlation	.475**	1
	Sig. (2-tailed)	.000	
	N	164	164

Regression Analysis

The study findings shown in Table 9, R indicate a positive correlation of 59.2% of independent variables, response strategies and dependent variable, competitiveness of public listed commercial banks. The results R^2 also implies that response strategies contribute 35.0% to competitiveness of public listed commercial banks.

Table 9: Regression Model Fitness for the Independent Variables

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of Estimate
1	.592[a]	.350	.334	.60809

The ANOVA test was conducted on all independent variables. Table 10 reveal the results of p-value is 0.000. This implies that the regression model used in the study is statistically significant, as the p-value is below 0.05 at the 95% confidence level.

Table 10: ANOVA on the Independent Variables

Model		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
1	Regression	31.694	4	7.923	21.428	.000[b]
	Residual	58.794	159	.370		
	Total	**90.488**	**163**			

The coefficients of the estimates and their significance were determined and are summarized in Table 11.

Table 11: Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.354	.355		3.817	.000
	Technology Adoption	.325	.062	.358	5.240	.000
	Cost Reduction	.245	.058	.313	4.192	.000

Based on the data in Table 11, a linear regression model is formed as:

$$\boldsymbol{Y = 1.354 + 0.325X_1 + 0.245X_2 + \varepsilon}$$

When keeping all other factors, the competitiveness of public listed commercial banks in Kenya stands at 1.354. This implies that there are other factors which contribute to competitiveness of public listed commercial banks in Kenya other than technology adoption and cost reduction under this study. Technology adoption has a positive impact on the competitiveness of these banks, with a unit coefficient of 0.325. This implies that technology adoption contributes to unit increase of 32.5%. The effect is notably significant, as indicated by a p-value of 0.000, which is well below the 0.05 threshold for statistical significance. Cost reduction strategies significantly affect the competitiveness of listed commercial banks, as shown by a coefficient of 0.245. This implies that cost reduction strategies contribute to unit increase of 24.5%. The findings are significant as indicated by a p-value of 0.000, which is below the 0.05 threshold for statistical significance.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

The study concluded that adopting technology has a positive and significant effect on the competitiveness of commercial banks. This suggests that public listed commercial banks should increase their investment in technological practices, such as point of sale (POS) systems, ATMs, electronic funds transfers, and digital banking platforms.

The study also concluded that there is a significant positive relationship between cost reduction strategies and the competitiveness of public listed commercial banks. The findings indicate that cost reduction strategies are statistically significant in explaining the competitiveness of public listed commercial banks in Kenya.

Recommendations

The study recommends that public listed commercial banks in Kenya should develop comprehensive technology adoption strategy that aligns with banks' long-term goals. The technology adoption strategy developed should focus on customer experience, operational efficiency and maximize revenue streams of the banks. Mobile banking and internet baking platforms offered by the banks should be user-friendly and seamless. Employees should have continuous training to keep them updated on new technologies in the banking environment.

The study further recommends public listed commercial banks should put cost reduction measures in place to streamline processes and operations hence reducing overhead costs. Laying off of employees as a cost reduction measure should be approached with careful consideration for both the business and employees affected. In implementing layoffs, the banks should ensure compliance with labour laws and regulations concerning layoffs including notice periods and severance pay requirements. Banks should consider restructuring in order to reduce cost, streamline operations and improve efficiency.

Recommendations for Further Research

The study's findings revealed that response strategies, such as technology adoption and cost reduction strategies explain up to 35% of the variation in the competitiveness of public listed commercial banks. This suggests that the remaining 65% of the variation is due to other factors not examined in the study. The study recommends conducting further research to identify these additional factors accounting for the remaining 65%.

Future research should be conducted in various industries and countries to determine if the connection between response strategies and competitiveness can be generalized. Further research on how response strategies affect competitiveness should prioritize a case study centered on the particular bank.

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