

STRATEGIC LEADERSHIP AND COMPETITIVE ADVANTAGE OF COMMERCIAL BANKS IN KENYA

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ABSTRACT

This sought to establish the influence of Strategic leadership on a firm's competitive advantage of commercial banks in Kenya. The study was guided by the following Specific objectives; to examine the Influence of strategic direction on a firm's competitive advantage of commercial banks in Kenya, to establish the Influence of Strategic Communication on a firm's competitive advantage over commercial banks in Kenya, to determine the Influence of Change Management on a firm's competitive advantage of commercial banks in Kenya and to evaluate the Influence of Employee Empowerment on a firm's competitive advantage of commercial banks in Kenya. The theories underpinning the study were resource-based view theory, dynamic capabilities theory, Kotter's theory of change, and behavioral leadership theory. The study adopted a descriptive research design to measure the influence of strategic leadership on the competitive advantage of commercial banks in Nairobi County, The target population was 39 commercial banks in Nairobi Kenya with respondents being business unit managers. The study used purposive sampling to determine the sample size. A pilot study was carried out using 10% of the sample. 24 questionnaires were used to test the reliability and validity of the study. The reliability and validity test results showed that all the items of the questionnaire assessing the independent variables against the dependent variable had a Cronbach Alpha value of above 0.7 and factor loadings above 0.4; thus no item was deleted. This implied that the questionnaire was reliable and valid to gather data for the main study. The study used a structured questionnaire to collect primary data and SPSS was used to analyze data. Descriptive and Inferential statistics were used to establish the relationships that exist between the variables. The correlation coefficient was used to measure the relationship between independent variables and dependent variables, while the regression analysis was used to measure the strength of the relationship between the independent and dependent variables. Data was presented in the form of tables. Descriptive statistics, such as mean, frequencies, standard deviation, and percentages, were used to profile major patterns emerging from the data. The relationships between the variables were determined using inferential statistics. The correlation analysis showed that there exists a significant positive correlation between the independent variables of the study and the competitive advantage of commercial banks in Kenya. Inferential analysis showed a statistically significant relationship between strategic leadership and the competitive advantage of commercial banks in Kenya. Based on the R-squared, the model can explain 77.4 % of the changes in the dependent variable. Regression results showed that a unit increase in any independent variable will lead to an increase in the competitive advantage of commercial banks in Kenya.

Keywords: Strategic leadership, strategic direction, strategic communication, change management, employee empowerment, competitive advantage, commercial banks, Kenya

INTRODUCTION

According to Avoli, (2017), Leadership continues to be among the most important as well as the guiding force for organizations. In many organizations, leadership is perceived to have a distinct and positive impact on organizational performance. Traditionally, most of the studies on leadership have been leader-centered and have focused on the character of individual leaders. Nonetheless, in the present times, leadership has changed and now there are new leadership styles like servant leadership, strategic leadership, transformational leadership, and authentic leadership that have been applied in explaining effective leadership and the degree to which followers can be influenced by leaders (Avolio, 2017). Strategic leadership implies the firm's ability to anticipate, envision, maintain flexibility, and empower others through creating strategic opportunities and a sustainable future for the company. Strategic leaders take a glance at the future intending to set an organization's direction. Their power increases as they search and interact with the vital sectors of their setting. That kind of leadership ought to have the ability to address the issues of difficulty, uncertainty, and data overload needing flexibility as well as timing intelligence. Strategists develop as well as make communication about decisions on the future of their organizations (Munga & Gakenia, 2022).

Strategic leadership has turned into a major and commonly employed leadership strategy, to move leadership away from internal company dynamics and towards strategic alignment to the external world. For modern business organizations, the current strength of competition in the contemporary market requires founders and leaders to employ strategic thinking to gain competitive advantage which has been at the core of organizational success. Firms must fight to stay competitive in order to avoid being forced out of business by the ever increasing operating costs as well as market competition (Dubin & ALrbabah, 2015).

According to Wakhis, (2021) strategic leadership is one of the critical issues facing organizations today. Strategic leadership involves influencing others to making decisions that enhance the firm's long-term success and financial stability. To survive in and remain competitive in the dynamic financial industry, commercial banks have learnt the importance of having strategic leaders and the value they bring to the organization. For banks to remain competitive, they need to introduce new products and services, expand existing ones, provide alternative delivery channels and differentiate their services and products. Implementation of such reforms mainly lie on the strategic leadership of banks, (Mulwa, 2015). This study aims to analyze different effects of strategic leadership specifically change management, strategic direction, strategic communication, and employee empowerment and how banks can utilize them for competitive advantage.

Problem Statement

Commercial banks in Kenya play an integral part in the economic growth and development of a nation by focusing resources from those who have surpluses to those who have shortages. According to Cytonn's report (2020), Kenya's listed commercial banks recorded negative earnings per share (EPS) growth of 0.8% in 2017 and a weighted decline of 26.8% in 2020. Deterioration of asset quality and non-performing loans (NPL) also remains a concern within the banking sector as the NPL ratio for the listed banks rose to 12.4% in FY'2017, from 10.9% in FY'2016 and rose to 13.5% in FY'2020, higher than the 5-year average of 9.9%. Further, with rising operating expenses and reduced margins, the sector has witnessed mergers, acquisitions, re-engineering, and restructuring, including downsizing of bank branches and employee lay-offs to keep them afloat. (Mugwika & Kavale, 2022). Similarly, the CBK provided evidence of a declining trend in the Commercial bank's financial performance. From the trend, the return on Equity (ROE) of these banks stood at 29.8% in 2012, which declined to 28.9% in 2013.

Moreover, the decline extended to 26.6% in 2014, 25.2% in 2015, and a further decline to 24.5% in 2016. The banking sector recorded a decline in pre-tax profits from KES 187Bn recorded in September 2022 to KES 177.8Bn in September 2023. The drop in profitability was mainly attributable to a higher increase in expenses compared to the increase in income. This indicates a stagnating growth in ROE, signifying a consistent poor financial performance over the years. Strategic leadership has been identified as an important intangible resource and a barrier to imitation with powerful effects on performance. Willis, Kinyua & Muchemi (2022) identify a lack of strategic leadership as a hindrance to success of the banks. For instance, chase bank and imperial bank had to be put under receivership due failure to meet regulatory requirements. With the myriad changes experienced in the Kenyan banking industry, such as regulatory changes, emerging technologies, and dynamic market forces, the Top Management Teams (TMT) must be able to create strategies to guide the bank to its desired vision as well as to guide its competitive position amidst such environments.

Several studies have identified strategic leadership as an important aspect of attaining positive performance in different sectors. Munga and Gakenia, (2022) concluded that small and growing organizations that have adopted and implemented strategic leadership have a higher performance compared to those that have not. Orito (2021) established that effective decision-making as a dimension of strategic leadership that drives organizational performance to a greater height in state corporations and departments in government ministries. Mwasiri and Muchiri,(2022) revealed that strategic leadership practices analyzed through the dimensions of strategic direction setting, strategic articulation, intelligence leadership and strategic alignment were significant and positively related to performance at Telkom Kenya. Few studies have linked strategic leadership to organizational performance, whereas very few have focused on the competitiveness of commercial banks. This study, therefore, aims to fill this gap by studying how strategic leadership can be used to achieve the competitiveness of commercial banks in Nairobi, Kenya.

Objectives of the Study

The main objective of the study was to assess the influence of strategic leadership on competitive advantage for commercial banks in Kenya.

Specific Objectives

- i. To examine the Influence of strategic direction on the competitive advantage of commercial banks in Kenya.
- ii. To establish the Influence of strategic communication on the competitive advantage of commercial banks in Kenya.
- iii. To determine the Influence of Change Management on the competitive advantage of commercial banks in Kenya.
- iv. To evaluate the Influence of Employee Empowerment on the competitive advantage of commercial banks in Kenya.

LITERATURE REVIEW

Theoretical Framework

Behavioral Leadership Theory

Behavioral Leadership Theory, developed by Cyert and March in 1963, posits that leadership behaviours significantly influence organizational performance by shaping goal-setting, employee motivation, and performance monitoring. The theory argues that leaders establish performance expectations based on organizational objectives and continuously evaluate progress against these expectations (O'Brien & David, 2020). Drawing from goal-setting principles, the theory further suggests that specific and challenging goals enhance employee

commitment, creativity, and organizational performance by providing clear performance standards (Datche, 2015; Woodcock, 2012). In the present study, Behavioral Leadership Theory provides the theoretical basis for examining the influence of strategic direction on organizational performance.

Kotter's Theory of Change

John Kotter's Theory of Change explains how organizations successfully implement transformational change through a structured eight-step process that includes creating urgency, developing a shared vision, building stakeholder commitment, empowering employees, generating short-term wins, and institutionalizing change (Kotter, 2012). The theory emphasizes that effective change management requires strong leadership, continuous communication, and employee engagement throughout the change process. It is therefore relevant to this study in explaining how change management practices contribute to improved organizational performance.

Resource-Based View Theory

The Resource-Based View (RBV), initially advanced by Edith Penrose (1959) and later expanded by Birger Wernerfelt (1984), argues that organizations achieve sustainable competitive advantage by effectively utilizing valuable, rare, inimitable, and non-substitutable resources. These resources include tangible assets, employee competencies, organizational knowledge, and managerial capabilities that enable firms to implement strategies that improve efficiency and effectiveness (Barney, 1991). The theory further emphasizes that organizational capabilities emerge from the strategic deployment of these unique resources (Kogo & Kimencu, 2018; Mweru & Muya, 2015). In this study, the Resource-Based View provides the theoretical justification for examining employee empowerment as a strategic capability that enhances organizational performance.

Dynamic Capabilities Theory

Dynamic Capabilities Theory, developed by David J. Teece, Gary Pisano, and Amy Shuen (1997), extends the Resource-Based View by explaining how organizations continuously integrate, develop, and reconfigure internal and external capabilities to respond effectively to changing business environments. The theory suggests that sustainable competitive advantage depends not only on possessing valuable resources but also on an organization's ability to renew and adapt these resources over time (Helfat & Peteraf, 2009; Teece et al., 1997). Organizations with strong dynamic capabilities are therefore better positioned to innovate, respond to environmental changes, and sustain superior performance (Sapienza et al., 2006). The theory underpins this study by explaining how leadership facilitates organizational adaptability and long-term performance through continuous capability development.

Conceptual Framework

Mugenda (2013) defines a conceptual framework as a diagram depicting the link between the independent and dependent variables in a study. The association between the two sets of study variables is represented in a diagram with lines joining and showing the nature and flow of the relation. In this study strategic direction, strategic communication, change management, and employee empowerment were presented as the independent variables while competitiveness was presented as the dependent variable.

Independent Variables

Dependent Variables

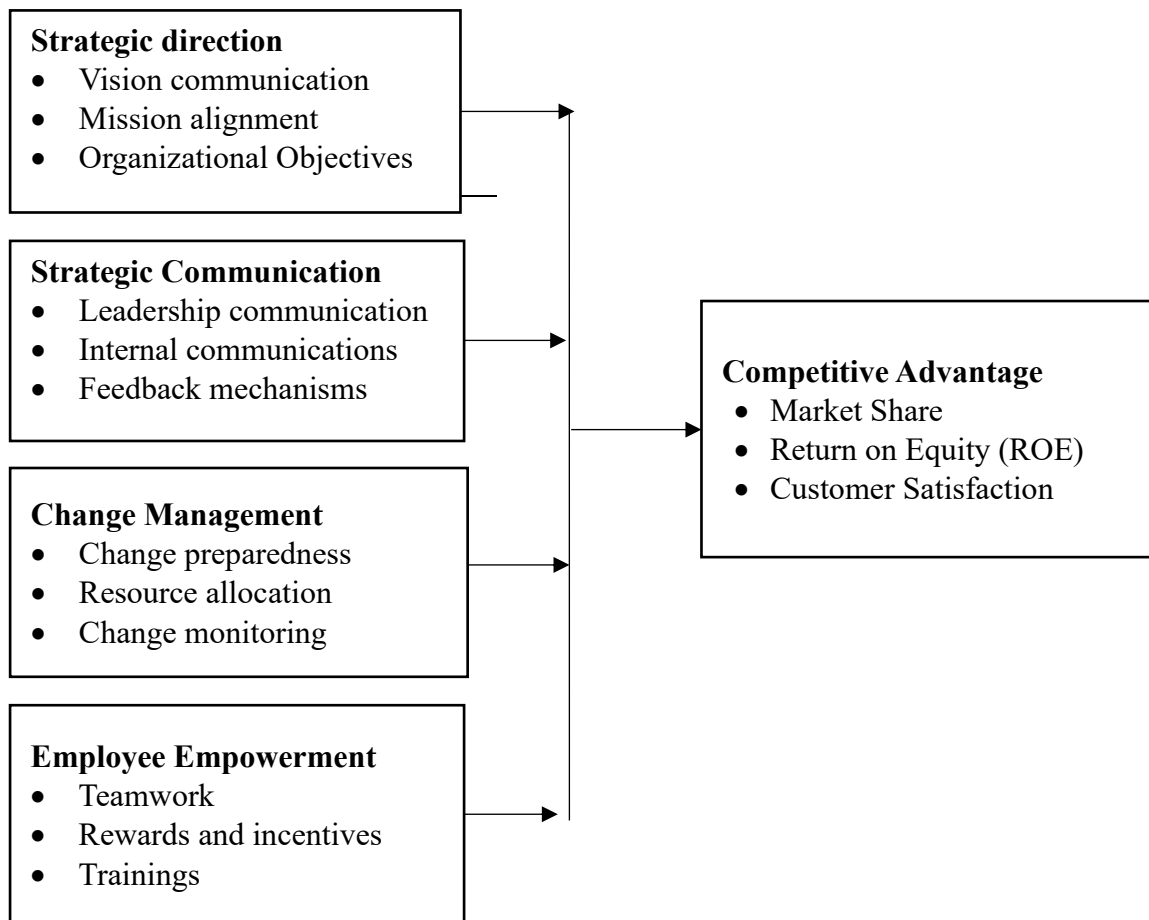


Figure 2.1; conceptual framework.

Strategic direction

Strategic direction refers to the process through which organizational leaders establish a clear vision, mission, strategic objectives, and long-term priorities that guide organizational actions and decision-making (Nguruiya, 2023). It provides a shared sense of purpose, aligns organizational resources, and ensures that employees understand their contribution toward achieving strategic goals. A clearly articulated strategic direction enhances organizational focus, facilitates strategy implementation, and strengthens competitive positioning by enabling firms to respond proactively to emerging opportunities and challenges (Darbi, 2019; Nahak & Ellitan, 2022).

Strategic Communication

Strategic communication is the purposeful management of organizational communication to support strategic objectives and enhance organizational effectiveness (Zerfass et al., 2022). It involves developing consistent messages, identifying target audiences, selecting appropriate communication channels, and facilitating information exchange both internally and externally. Effective strategic communication promotes employee commitment, reduces uncertainty during organizational change, strengthens stakeholder relationships, and supports the successful implementation of organizational strategies (Tankosic et al., 2017).

Change Management

Change management refers to the systematic process of planning, implementing, and sustaining organizational change in response to technological, economic, social, and

competitive pressures (Olalekan et al., 2021). Organizations may adopt reactive, proactive, or incremental approaches to change depending on environmental conditions and strategic objectives (Cheruto, 2023). Effective change management enhances organizational flexibility, minimizes resistance to change, and enables organizations to maintain competitiveness in dynamic business environments (Osoro, 2020).

Employee Empowerment

Employee empowerment refers to the delegation of authority, responsibility, and decision-making autonomy that enables employees to perform their roles effectively while fostering ownership and accountability (Sunny & Neha, 2022). Empowered employees possess the competence, confidence, and motivation to solve problems, innovate, and respond effectively to organizational challenges. Organizations that invest in employee empowerment enhance employee engagement, creativity, and organizational performance through increased participation in decision-making and continuous learning (Almotawteh, 2020; Obi, 2020).

Competitive Advantage

Competitive advantage refers to an organization's ability to create superior value for customers and achieve performance that exceeds that of its competitors through unique resources, capabilities, products, or strategic positioning (Porter, 1985). It enables firms to differentiate themselves, improve market position, and sustain long-term organizational performance. Competitive advantage is achieved by developing valuable capabilities that are difficult for competitors to imitate, thereby creating sustainable organizational success (Arokodare & Asikhia, 2020; Farida & Setiawan, 2022).

Empirical Review

Strategic Direction and Competitive Advantage

Empirical studies consistently show that strategic direction positively influences organizational performance and competitive advantage. For instance, Ramadhan (2022) found that strategic direction improved organizational performance among insurance companies in Kenya by enabling firms to better respond to customer needs and implement strategic plans effectively. Similarly, Munyao et al. (2020) reported a positive and significant relationship between strategic direction and the performance of African Inland Church theological institutions, emphasizing the importance of aligning organizational vision with environmental dynamics. Likewise, Abdow et al. (2018) established that strategic direction significantly enhanced organizational effectiveness among petroleum companies in Kenya through better alignment of organizational goals with corporate vision and mission. Collectively, these studies suggest that organizations with well-defined strategic direction are better positioned to achieve sustainable competitive advantage.

Change Management and Competitive Advantage

Previous studies indicate that effective change management enhances organizational performance by improving adaptability and facilitating successful implementation of strategic initiatives. Osege (2018) reported that change management practices significantly improved organizational performance at the Kenya Agricultural and Livestock Research Organization (KALRO). Similarly, Olalekan et al. (2021) concluded that organizations with high readiness for change develop stronger adaptive capabilities and are better equipped to respond to environmental uncertainties. In addition, Osoro (2020) found that leadership style, organizational culture, and capacity building significantly influenced organizational performance at the United Nations Office for Project Services (UNOPS). These findings are further supported by Olubaye (2014), who emphasized that employee involvement, training,

and effective management of resistance are critical determinants of successful organizational change.

Employee Empowerment and Competitive Advantage

The literature demonstrates that employee empowerment contributes significantly to organizational competitiveness by improving employee commitment, decision-making, innovation, and service quality. Ntwiga et al. (2021) established that employee empowerment significantly predicted competitive advantage among hospitals in Nairobi, with competence, teamwork, motivation, and recognition improving service delivery. Similarly, Kiambata et al. (2018) found that employee empowerment enhanced organizational performance through delegated authority, effective information sharing, and increased employee commitment. Mutoka and Were (2017) also reported that decision-making autonomy, training and development, information sharing, and employee autonomy significantly improved organizational performance. Overall, the evidence suggests that empowered employees are more engaged and contribute directly to sustainable competitive advantage.

Strategic Communication and Competitive Advantage

Empirical evidence indicates that strategic communication is a key driver of organizational performance and competitive advantage. Chepkosgei et al. (2020) found that strategic communication significantly enhanced the performance of financial and commercial state corporations in Kenya by strengthening internal information flow and supporting strategy implementation. Likewise, Musheke and Phiri (2021) reported that effective communication positively influenced organizational performance despite finding no significant relationship between management and communication channels. Similarly, Shonubi and Akintaro (2016) concluded that effective communication improved organizational efficiency by enhancing clarity, coordination, and employee understanding of organizational goals. Consistent findings by Otieno et al. (2015) further demonstrated that employee communication significantly improved organizational performance in Kenya's horticultural industry. Collectively, these studies highlight strategic communication as a critical organizational capability that strengthens coordination, stakeholder engagement, and competitive advantage.

RESEARCH METHODOLOGY

The study adopted a descriptive research design to examine the influence of strategic leadership on the competitive advantage of commercial banks in Kenya. The design was considered appropriate because it facilitates the systematic description of population characteristics while examining relationships among variables without manipulating the study environment (Creswell, 2018; Osoro, 2020). Descriptive research also allows the collection of both quantitative and qualitative data, thereby providing comprehensive evidence for addressing the research objectives.

The target population comprised 39 commercial banks licensed by the Central Bank of Kenya, with respondents drawn from directors and departmental managers responsible for strategic decision-making and implementation. The accessible population consisted of 663 respondents, from which a sample of 249 participants was determined using the Yamane sample size formula at a 95% confidence level. The study employed stratified purposive sampling to ensure adequate representation of respondents occupying strategic leadership positions, thereby enhancing the relevance of the information collected (Saunders et al., 2012; Kothari, 2004).

Primary data were collected using a structured questionnaire comprising five-point Likert scale items, while secondary data were used to supplement the primary information. The questionnaire included sections on respondents' demographic characteristics and the study variables. Prior to the main survey, a pilot study involving 24 respondents (10% of the sample) was conducted to evaluate the clarity, validity, and reliability of the research instrument.

Participants involved in the pilot study were excluded from the final survey to minimize bias and improve the quality of the instrument (Taherdoost, 2016). The reliability of the research instrument was assessed using Cronbach's alpha coefficient, where a threshold value of 0.70 or higher was considered indicative of acceptable internal consistency. Construct validity was established through Exploratory Factor Analysis (EFA), with factor loadings of 0.50 and above deemed acceptable, while content validity was strengthened through expert review and adaptation of measurement items from previous studies (Strauss & Smith, 2019; Straub et al., 2004).

Data were coded, cleaned, and analyzed using Statistical Package for the Social Sciences (SPSS) Version 29. Descriptive statistics, including frequencies, percentages, means, medians, and standard deviations, were used to summarize the data, whereas inferential statistics comprising Pearson correlation analysis, multiple linear regression, and Analysis of Variance (ANOVA) were employed to examine the relationships between strategic leadership dimensions and competitive advantage. The regression model included envisioning, and employee empowerment as the independent variables and competitive advantage as the dependent variable.

RESEARCH FINDINGS AND DISCUSSIONS

For the final study, 225 questionnaires were used to collect data. Of those, 184 were completely filled out and returned, yielding an 81.7% response rate. Mugenda and Mugenda (2018) recommended that a 50% response rate is enough to produce viable results, 60% is good, and 70% and above is a very good response rate, so 81.7% was excellent for analysis and producing credible data for the study.

Descriptive Statistics of Study Variables

Table 1 presents the descriptive statistics for the study variables. Respondents generally expressed high levels of agreement regarding the strategic leadership practices implemented by commercial banks, with mean scores ranging from 3.90 to 4.27 on a five-point Likert scale. Strategic communication recorded the highest mean score ($M = 4.27$, $SD = 0.239$), suggesting that effective communication practices were widely adopted across the sampled banks. Strategic direction also received a high rating ($M = 4.15$, $SD = 0.307$), indicating that respondents perceived organizational vision, mission, and strategic objectives to be well articulated and aligned with organizational activities. Change management recorded a mean of 3.97 ($SD = 0.466$), reflecting positive perceptions regarding organizational readiness and implementation of change initiatives. Employee empowerment had the lowest, though still favorable, mean score ($M = 3.90$, $SD = 0.596$), suggesting relatively greater variation in perceptions concerning training, recognition, rewards, and employee autonomy. Overall, the low standard deviations indicate a high degree of consistency in respondents' views across all study constructs.

Table 1: Summary of Descriptive Statistics

Variable	N	Mean	SD	Interpretation
Strategic Direction	184	4.15	0.307	High agreement
Strategic Communication	184	4.27	0.239	Highest agreement
Change Management	184	3.97	0.466	High agreement
Employee Empowerment	184	3.90	0.596	Moderate to high agreement

Source: Study Data (2026).

The findings indicate that respondents perceived strategic leadership practices to be well established within commercial banks, particularly with respect to strategic communication and

strategic direction. These results are consistent with previous studies that have linked strategic direction (Ramadhan, 2022; Abdow et al., 2018), strategic communication (Chepkosgei et al., 2020), change management (Osoro, 2020; Olalekan et al., 2021), and employee empowerment (Ntwiga et al., 2021) to improved organizational performance and competitive advantage.

Trend of Competitive Advantage (Secondary Data)

Since competitive advantage was also assessed using industry performance indicators, the trend can be summarized separately.

Table 2: Performance Indicators of Commercial Banks (2018–2022)

Indicator	2018	2019	2020	2021	2022
Return on Equity (ROE)	22.0%	21.2%	13.9%	13.9%	26.3%
Market Share Index	74.5%	74.6%	74.7%	74.8%	75.0%
Customer Satisfaction Index	Moderate	Moderate	Moderate	Moderate	High

Source: Central Bank of Kenya (2025).

The secondary data indicate that the competitive performance of commercial banks fluctuated during the study period. Return on Equity declined between 2018 and 2021, largely reflecting the economic disruptions associated with the COVID-19 pandemic, before recovering strongly to 26.3% in 2022. In contrast, the market share index exhibited a gradual upward trend throughout the period, while customer satisfaction improved from a moderate to a high level by 2022. These trends suggest that although profitability was temporarily affected by external shocks, the banking sector demonstrated resilience and sustained improvements in market position and customer value over time.

Correlation Analysis

The correlation analysis results outlined show that there exists a positive and significant correlation between strategic direction, strategic communication, change management, employee empowerment, and the organization's competitive advantage of commercial banks in Kenya. The findings presented in Table 4.9 indicate that there is a significant positive linear relationship between Strategic direction and the competitive advantage of commercial banks in Kenya (with $r = 0.720$). This implies that enhancing Strategic direction improves the competitive advantage of commercial banks in Kenya. Strategic communication and the competitive advantage of commercial banks in Kenya (with $r = 0.812$), which implies that enhancing strategic direction improves the competitive advantage of commercial banks in Kenya. Change management and the competitive advantage of commercial banks in Kenya (with $r = 0.701$) this implies that enhancing Innovation improves the competitive advantage of commercial banks in Kenya. Employee empowerment and the competitive advantage of commercial banks in Kenya (with $r = 0.892$), at $P < 0.01$ significance level. This implies that enhancing Proactive implementation improves the competitive advantage of commercial banks in Kenya.

Table 3: Correlation Results

Variables	Measure	Competitive advantage	Strategic direction	Strategic communication	Change management	Employee empowerment
Competitive advantage	Pearson Correlation Sig.(2-tailed)	1				
Strategic direction	Pearson Correlation Sig. (2-tailed)	0.720	1			
Strategic communication	Pearson Correlation Sig. (2-tailed)	0.812	0.726	1		
Change management	Pearson Correlation Sig. (2-tailed)	0.701	0.638	0.714	1	
Employee empowerment	Pearson Correlation Sig. (2-tailed)	0.596	0.568	0.596	0.573	1

Regression Analysis

The main goal of the regression analysis was to determine the degree of relationship between the independent and the dependent variables. The model Summary, the ANOVA, and the Model coefficient are the three outcomes of the multiple regression analysis. The independent variables' degree of relationship with the dependent variable, as well as the proportion of the dependent variable that the independent variables account for, are shown in the model summary. According to the model summary results, the R- value was 0.879 implying that there exists a strong relationship between the independent variables and the dependent variable, the coefficient of determination represented by the R-square value was 0.774 implying that the independent variables used in the study account for 77.4% in variation of the competitive advantage of commercial banks in Kenya. The findings concur Laub and Ballenger (2018) who argued that strategic leadership is the most important organizational resource capable of effectively altering an organization by achieving expected or predefined goals.

Table 4 Model Summary

Model	R	R squared	Adjusted R-square	Standard error of the estimate
1	.879	.774	.729	1.57292

Dependent Variable: Competitive advantage

b. Predictors: (Constant), strategic direction, strategic communication, change management, Employee empowerment

The ANOVA model was included in the study to study whether the model linking the independent variables with the dependent variable is statistically significant, the results outlined show that the significance value was 0.000, which was less than 0.05. This bears the implication that the model linking the independent variables with the dependent variable was statistically significant and thus the best fit for the study. The independent variables significantly contribute to explaining the variance in improving the competitive advantage of commercial banks in Kenya. This is evidenced by a significant F-statistic of 21.556 ($p < 0.05$), suggesting that the regression model is a good fit for the data. A large F-statistic and significant p-value indicate that the predictors jointly have a significant effect on improving the competitive advantage of commercial banks in Kenya.

Table 5: ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
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Regression	396.114	4	99.029	21.556	.000 ^b
Residual	532.895	179	4.594		
Total	929.009	183			

Dependent Variable: Competitive advantage

b. Predictors: (Constant), strategic direction, strategic communication, change management, Employee empowerment

The regression coefficient results outlined show that strategic direction bears a positive and significant influence on the competitive advantage of commercial banks in Kenya (beta= 0.591, sig= 0.000 < 0.05). The findings suggest that increasing strategic direction with one unit causes an increase on the competitive advantage of commercial banks in Kenya by 0.591. The study found that strategic communication had a significant impact on the competitive advantage of commercial banks in Kenya (beta= 0.341, sig= 0.009 < 0.05). According to the data, increasing strategic communication by one unit leads to a 0.341 increase in on the competitive advantage of commercial banks in Kenya. The results reveal that change management has a positive and significant influence on the on the competitive advantage of commercial banks in Kenya (beta= 0.403, sig= 0.000 < 0.05). According to the data, increasing change management with one unit leads to a 0.403 increase in on the competitive advantage of commercial banks in Kenya. The study found that employee empowerment improves on the competitive advantage of commercial banks in Kenya (beta= 0.516, sig= 0.000 < 0.05). According to the data, expanding employee empowerment by one unit results in a 0.516 increase in on the competitive advantage of commercial banks in Kenya.

From the model, the competitive advantage of commercial banks in Kenya stands at 0.116 while holding other indicators constant. According to the t-values, strategic direction bears the highest influence on the organization's competitive advantage (t- 3.788, p < 0.05), followed by strategic communication (t- 2.307, p < 0.05), followed by change management (t- 1.775, p < 0.05) and the least being employee empowerment (t-0.895, p < 0.05). A higher t-statistic signifies a stronger relationship between the independent variable and the dependent variable.

The regression results concur with the results of Munyao, Chiroma, and Ongeti (2020) and Abdow, Guyo, and Odhiambo (2018) whose findings concluded strategic direction had a positive and significant effect on organizational performance. They further concluded that organizations that aligned their strategic goals with vision and mission which is clearly articulated had better performance.

Table 5: Regression Model Coefficients

<i>Coefficients^a</i>	Unstandardized		Standardized	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.116	0.175		0.663	0.022
Strategic direction	0.591	.156	.0527	3.788	0.000
Strategic communication	0.341	.381	0.264	0.895	0.009
Change management	0.403	.227	0.335	1.775	0.000
Employee empowerment	0.516	.218	0.453	2.307	0.000

a. Dependent Variable: Competitive advantage

Conclusions

Based on the findings, the study concludes that strategic direction positively and significantly affects the competitive advantage of commercial banks. Elements of strategic direction, such as smart goal setting, clear mission and vision statements, articulation and enforcing commitment to it, increase the competitive advantage of the banks.

From the findings, the study concludes that strategic communication positively and significantly affects the competitive advantage of commercial banks. Elements of strategic

communication like a clear chain of communication, using the proper channel, and the appropriate technology asserts the position of the leadership.

Based on the findings, the study concludes that change management positively and significantly affects the competitive advantage of commercial banks. Elements of change management such as clear communication of the change process, equipping the team with the required resources for the change process, enable the team to embrace change and perform better. Proper change management ensures that the banks are able to maintain better asset quality.

Based on the findings, the study concludes that employee empowerment is a crucial element for performance of the institutions, employee empowerment positively and significantly affects the competitive advantage of commercial banks. Elements of employee empowerment such as continuous training and development, systemic organizational reward systems help to improve the morale of the staff which translate to a positive outcome. When employees serve the clients better, the banks are assured of better earnings and reduced non-performing loans.

Recommendations for the Study

From the conclusions, the study recommends that every aspect of strategic leadership studied in this research should be given attention as both adds to bank competitive advantage. For strategic direction, the study recommends that the banks should ensure the goals are clearly communicated, every staff member is versed with the mission and vision of the organization. For strategic communication, the banks should embrace inclusive communication from both the top management and the junior staff; they should also invest in modern technology to enhance faster and more efficient communication. The banks should create and maintain an efficient feedback system that addresses concerns from the clients.

From the conclusions, the study recommends that for change management, the banks should embrace a working change management process. The change management process should be clearly communicated, and staff members should be well-equipped with appropriate resources to manage the change process. The banks should also invest in research and development to be aware of current industry trends. On employee empowerment, the bank management should continually grow the capacity of their staff members and reward performance to boost morale.

Areas for further Research

Other researchers should carry out a different study with other factors that were not included in this study. From the literature review, similar studies employed a descriptive research design; other researchers should carry out the same research using a different research design. Researchers can replicate the study on different sectors in a different geographical scope.

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