

**STRATEGIC MANAGEMENT PRACTICES, INFORMATION TECHNOLOGY
AND PERFORMANCE AT EQUITY BANK KENYA LIMITED**

KARU SHARMA BOY

**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS
ADMINISTRATION, FACULTY OF BUSINESS AND MANAGEMENT SCIENCES,
UNIVERSITY OF NAIROBI**

2022

DECLARATION

I Karu Sharma Boy hereby declare that this research project titled “**Strategic Management Practices, Information Technology and Performance at Equity Bank Kenya Limited**” is my original work and has not been presented for an award at any institution, university, or institution for higher learning.

Signature 

Date 17/11/2022.


KARU SHARMA BOY

D61/36549/2020

MBA Programme

SUPERVISOR'S APPROVAL

This research project prepared by Karu Sharma Boy titled “**Strategic Management Practices, Information Technology, and Performance at Equity Bank Kenya Limited**” has been submitted for examination with my approval as the University supervisor.

Signature  Date: **17TH NOVEMBER 2022.**

PROFESSOR JAMES GATHUNGU, PHD, CPS (K)

Department of Business Administration,

Faculty of Business and Management Sciences

University of Nairobi

ACKNOWLEDGEMENT

I thank God Almighty for giving me the strength and persistence needed to complete this research project. I would like to extend my sincerest gratitude to my project supervisor, Prof. James Gathungu, for his mentorship, guidance, and philosophical in-depth expertise which greatly contributed to the successful completion of this project report. I convey my deepest appreciation to my Moderator, Prof. Evans Aosa, for his input and intuitive comments that helped cultivate this MBA research project further. I am deeply indebted to my dear children and husband for their moral support and inspiration throughout the course duration. The administration of the University of Nairobi also played an instrumental role in creating a conducive learning environment. Finally, I would like to greatly thank the Masters students and faculty at the University of Nairobi whose knowledge and experience provided valuable insights throughout the academic period.

May God bless you all abundantly.

DEDICATION

This project is dedicated to my father Mr. Sharma Boy, my mother Mrs. Kamu Kushi, and my family at large, it is through their prayers and constant encouragement that I was able to achieve the goals I had envisioned for this project. I also acknowledge my husband, Elvis Njenga Kimani, and our dear children Tafari Matu Njenga and Trahas Karungari Njenga, for being my backbone and strength throughout my Masters studies. You have been instrumental in bringing this research work to its successful completion and for that I remain truly obliged to you all.

TABLE OF CONTENTS

DECLARATION AND SUPERVISOR’S APPROVAL	ii
ACKNOWLEDGEMENT.....	iii
DEDICATION.....	iv
ABBREVIATIONS.....	x
ABSTRACT.....	xi
CHAPTER ONE: INTRODUCTION.....	1
1.1 Background of the Study.....	1
1.1.1 Strategic Management Practices.....	2
1.1.2 Information Technology.....	4
1.1.3 Organizational Performance.....	5
1.1.4 Equity Bank Kenya Limited.....	6
1.3 Research Objectives.....	10
1.4 Value of the Study.....	10
CHAPTER TWO: LITERATURE REVIEW.....	11
2.1 Introduction.....	11
2.2 Theoretical Foundation.....	11
2.2.1 Resource Based View Theory (RBV).....	11

2.2.2 Diffusion of Innovation Theory (DOI).....	12
2.3 Strategic Management Practices, Information Technology and Organizational Performance	13
2.4 Empirical Studies and Research Gaps.....	14
CHAPTER THREE: RESEARCH METHODOLOGY	19
3.1 Introduction.....	19
3.2 Research Design.....	19
3.3 Data Collection.....	19
3.4 Operationalization of Study Variables	20
3.5 Data Analysis	21
CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION	22
4.1 Introduction.....	22
4.2. Participant Demographics	22
4.2.1. Work Position.....	23
4.2.2. Work Experience.....	23
4.3 Strategic Management Practices Adopted by Equity Bank Kenya Limited.....	23
4.3.1 Formulation of Mission and Vision Statements.....	24
4.3.2 Environmental Scanning	24
4.3.3 Strategy Implementation	28

4.3.4 Corporate Strategies	29
4.3.5 Strategy Evaluation, Monitoring and Control	30
4.4 Information Technology	30
4.5 Organizational Performance	31
4.6 Discussion of Results	31
4.6.1 Link of Findings to the Theories	33
4.6.2 Link of Findings to Empirical Studies	33
CHAPTER FIVE: SUMMARY, CONCLUSION, AND RECOMMENDATIONS	35
5.1. Introduction.....	35
5.2. Summary of the Findings.....	35
5.3. Conclusions of the Study	37
5.4. Implication of the Study.....	37
5.4.1. Implication to Theory.....	37
5.4.2. Implication to Practice and Industry	38
5.4.2. Implication to Policy Development.....	38
5.5. Recommendations of the Study	39
5.6. Limitations of the Study.....	39
5.7. Areas Suggested for Future Research	40

REFERENCES.....	43
APPENDICES.....	48
Appendix I: Nacosti Research Permit.....	48
Appendix II: MBA Office Introductory Letter For Research.....	49
Appendix III: Introductory Letter.....	50
Appendix IV: Interview Guide.....	51
Appendix V: Supervisor Allocation Form.....	55
Appendix VI: Turnitin Report.....	56

LIST OF TABLES

Table 2.1: Summary of Empirical Studies and Research Gaps.....	17
Table 3.1: Operationalization of Study Variables.....	20
Table 4.1: Equity Bank SWOT Analysis.....	25

ABBREVIATIONS

IT	Information Technology
CBK	Central Bank of Kenya
KES	Kenya Shillings
LTD	Limited
RBV	Resource Based View
DOI	Diffusion of Innovation
VRIO	Value, Rarity, Imitability and Organization

ABSTRACT

Every organization should not only have a clear vision, but also a coordinated strategy to achieve its goals and objectives. Strategic management techniques are essential to increase productivity within a company thus increasing its output and competitiveness. Additionally, Information technology, plays an important role in supporting and realizing the strategies put in place. To ensure both survival and success, commercial banks adopt strategic management practices and employ the latest technology to achieve their strategic objectives while maintaining a healthy balance between the business and its market environment. The key aim of this study was to determine the effect of strategic management practices and information technology on the performance of Equity Bank Kenya Limited. This research was anchored on Resource-Based View Theory (RBV) and Diffusion of Innovation Theory (DOI). The researcher used a case study design. For this study, the researcher used primary data collected from five members of the executive team of Equity Bank Kenya Limited. Given that insight drawn from this study depended on qualitative data, the researcher employed an interview guide during data collection as this helped gather detailed original information on the research subject. Interviews were conducted with the Head of Equity Investment Bank, Head of Corporate Banking, Regional Strategy Director, Group HR Director, and Head of Investor Relations. In order to gather common themes from the various responses received during the interviews, content analysis was used to gain perspective on the impact of strategic management practices and IT on the performance of Equity Bank Kenya Ltd. The findings showed that strategic management practices and information technology played a major role in the success of Equity Bank Kenya Ltd. The study found that the business strategies used at Equity bank included the formulation of an all-inclusive mission and vision statement comprehensible to all employees, environmental scanning, strategy implementation, people operation strategies, corporate strategies, telecommunications networks and commissioning the right products through the use of information technology to ensure competitive advantage and maximize stakeholder interests. The study found that IT can and is frequently used to deliver on these organizational strategic focus areas because IT enables rapid or immediate decision-making systems and increases the likelihood of success. The study also found that Equity Bank's top managers were able to assess the effectiveness of strategy formulation and execution in competitive market conditions by continuously scanning the environment to ensure that the strategy was fully aligned with the bank's objectives. The study also found that commercial banks face an ever-changing market environment in which customers demand better service and this increases the bank's reliance on information technology to develop customer-centric products that provide a competitive advantage and promote sustainability. The study concluded that strategic management practices and information technology have played a critical role in the remarkable growth and performance of Equity Bank Kenya Ltd over the years. The research recommends that Equity Bank should consider focusing and investing more in its customer services to increase customer satisfaction and retention.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Strategic management initiatives and the use of technology has a positive impact on commercial bank performance in modern-day setting (Gunawan, 2019). The main intention of any strategic firm is to considerably improve the quality of services that are offered to its clients, thereby allowing the business to get a competitive edge and outwit competitors in the marketplace (Finnay, Campbell & Powell 2007). In response to fundamental environmental changes, management practices are significantly changing, especially at the executive level within the banking industry. Given the pace at which these changes are happening, commercial banks must adapt to new levels of economic restructuring, global competitiveness, and market transformations (Yasuharu, 2003). Strategic management practices and information technology are critical concepts that can be relied on when explaining how technology has impacted commercial banks' performance (Wang et al., 2003). Focus on the commercial bank also helps determine the digital infrastructure that is required for the effective implementation of strategic management practices geared at enhancing company performance (Ferreira et al., 2018). The 21st century is an era of globalization that relies heavily on IT in all fields. Organizations are becoming more dependent on information technology, making it difficult for businesses to thrive without IT (Wiseman, 1988).

This research study is contingent on Resource Based View Theory (RBV), supported by the Diffusion of Innovation Theory. RBV theory describes the best way for a company to use its special resources to acquire a competitive advantage (Barney, 1991). This theory asserts that a company will implement a strategy that best utilizes and exploits its resources and competencies to best position itself for long-term success. RBV theory offers a systematic way to evaluate the

relative value of the many resources that are accessible to companies participating in the international markets (Fahy, 2002).

The theory of diffusion and innovation proposed by Rogers (1962) also forms part of the research. According to Dooley (1999), organizations with significant systems and cultures tend to adopt innovative techniques more quickly compared to those with weaker systems. Latifovna (2022) further stated that diffusion of innovation theory can help determine the extent to which IT is used in commercial banks to improve strategic management performance.

This research focuses on the strategic management and performance of Equity Bank Kenya Limited. Equity bank operates in an exceedingly competitive and customer-focused market setting that requires effective strategic management practices. In spite the increasing competition in the financial services sector, the case study bank continues to deliver impressive results through new service distribution channels with a heavy reliance on technological innovations delivered through its fintech subsidiary. Equity Bank is among the first banks in Kenya to use alternate delivery channels, a big contributor to its popularity and preference among Kenyans as it has improved access to banking services without having to physically visit a branch (Gitonga, 2008).

1.1.1 Strategic Management Practices

The strategic management practice includes decisions related to the company's mission, vision, philosophy, goals, strategy and well-thought-out policies (Irwin, 1995). It involves long-term development plans based on the business ecosystem and the company's strengths and weaknesses (Chandler, 1962). Furthermore, Mintzberg (1994) conferred that strategic management practices involve understanding the strategic situation of the organization, making future strategic decisions, and turning strategy into action. This includes strategy analysis, selection and

execution. Porter (1980) affirmed that Strategic analysis forms part of the strategic management methodology that examines external environmental forces, organizational capabilities, and stakeholder expectations. Strategy execution is putting the strategic plan into action. This includes implementing strategies and managing the resulting changes.

According to Hanson et al. (2016), strategic management is important in ensuring business performance elements are assessed and improved based on the prevailing condition in the marketplace. It is upon the company management to ensure all the operations are focused on meeting dynamic customer needs.

Different tools can be used to create effective strategic options for the company. Some tools are; SWOT, Five porter force, and PESTEL. Based on the management capability, one tool can be used to analyze the market condition and formulate strategic options. The company's strategic options must take advantage of the internal capability and opportunities in the exterior environment and should be in a form that minimizes the company's weaknesses and possible threats in the macro environment. Advancement in technology has presented numerous opportunities in the macro environment that companies can tap to gain a competitive advantage by improving customers' experience and introducing new products (Henry, 2021; Ristovska, 2022).

The banking sector has recently witnessed rapid growth in profits, deposits, and revenues. This trend has created fierce competition among commercial banks. To face this competition and be a successful Kenyan company, commercial banks and other public and private institutions are adopting strategic management practices. According to Shrivastava (1994), developing a good strategy is nothing compared to executing it successfully.

Through analyzing market dynamics and implementing the necessary strategies, Equity bank Kenya has been able to swiftly respond to market changes and stand out as one of the most successful Kenyan commercial banks today. Equity Bank's product offerings for diversification, geographic development, credit financing, relationship marketing, innovation and IT strategies have enabled the bank to counter and quickly react to the growing competition within the banking business.

1.1.2 Information Technology

Information technology refers to the study of computerized systems geared at providing an increased organizational value delivery (Huber, 1990). Further, Boar (1997) defined information technology as computer innovations that can be used when dealing with information transformation, transfer and data collection. Information technology covers a collection of different systems.

In recent times, businesses cannot create value through new product creation or have a competitive advantage without technological innovations. Managers utilizing technology to separate and organize various operational activities better than others are likely to experience optimum performance, hence high profitability. Various functions and benefits are linked to using technology in strategic management for the company. However, different companies tend to respond differently to technological innovations (Forest & Kinser, 2002). Companies operating in a sensitive industry such as banking must stay alert regarding technological innovations, development, and applications. It is through the application of appropriate technology by commercial banks that vulnerability can be minimized. IT has become an essential business resource for the success of commercial banks as it has opened up new markets, new products, new services and effective distribution channels (Keen, 1981).

In the past decade, most company managers started appreciating and acknowledging the importance of IT in strategic management (Laužikas & Miliūtė, 2019). Companies have realized that strategic management and IT are inseparable. IT tends to have an inner logic that must be considered during strategic planning. It includes elaborate systems of production and planning through which the organization's capabilities are translated into services and goods. The efficient translation of the company's capability to products demanded in the marketplace results in its success.

IT has become very valuable in a company's strategic management since it can help create a sustainable competitive advantage (Henry, 2021). The company must apply relevant IT to implement business strategies for improved effectiveness and efficiency. Many firms use IT to promote their success and growth in the long run.

1.1.3 Organizational Performance

Organization performance is the firm's capacity and capability to make effective use of accessible resources to attain desired goals and create more value for users (Profiroi, 2001). Similarly, Neely (2007) posits that organizational performance revolves around the effective transformation of various production inputs to outputs that are of value to the company. Organizational performance forms a key point of focus in strategic management research. Hamon (2003) defines organizational performance as the variables used to gauge the degree of an organization's performance, effectiveness, and efficiency in meeting and achieving its goals (Robbins & Coulter, 2002). Furthermore, Ho (2008) defined organizational performance as a metric to gauge an organization's efficacy in achieving its goals, including achieving organizational market positioning and financial targets (Li, Ragu-Nathan, & Rao, 2006).

Commercial banks are an important part of the economy as they play a big role in the establishment of capital, credit and liquidity in the market. Credit enables consumers and businesses to borrow and this puts into motion the circulation of money which forms the foundation for the growth and development of an economy. Assessing performance in commercial banks can be done using different metrics which focus on different measures such as asset quality, capital adequacy, earnings, and liquidity. The metrics should be evaluated at consecutive intervals to ensure the bank remains within its target and achieves its performance objectives (Cicea & Hincu 2009).

Both financial and non-financial results from operations can be used to examine commercial banks' performance (Corte, D'andrea, & Del Gaudio, 2017). From a financial perspective, performance is a measure of how much a company's financial position or financial results change in response to management's decisions and the implementation of those decisions by team members. In the banking industry, it can be contended that there are three main factors to improve the general financial dominance of commercial banks: the size of the organization, asset management of the organization, and operational efficiency within the organization (Fitzgerald, Johnston, Brignall, Silvestro & Voss, 1997). These factors combined will be used to analyze the profitability of the bank and will offer insights on whether the bank can take on risks as well as expand its activities (Ceylan, Emre and ASL, 2008).

1.1.4 Equity Bank Kenya Limited

Equity Bank is one of the most established financial services companies in Kenya. The bank is part of Equity Group Holdings Plc listed in Rwanda, Uganda, and the Kenyan security exchange (Njoroge & Mugambi, 2018). Equity Bank is one of Kenya's first trillion-shilling balance sheet commercial bank. Equity Group Holdings has banking branches in South Sudan, DRC, Kenya,

Uganda, Rwanda, and commercial representatives in Ethiopia. The group also has other subsidiaries in investment banking, telecom, fintech, insurance, and social impact investment. Equity Group is the largest bank in Kenya, with 1.1 trillion shillings based on assets, it is also the biggest in market capitalization, deposits, and over 15 million customers. Equity Group Holdings has a footprint of 53,151 Agents, 336 branches, 725 ATMs, 34,862 Merchants, and widespread adoption of digital banking channels (Muhumed, 2018).

Despite various challenges faced by the banking sector, Equity Bank Kenya Limited continues to demonstrate resilience and better performance when compared to other banks. Innovation and efficiency focus which have greatly reduced the bank's cost-to-income ratio, are the key drivers of the bank's success. All the strategies implemented by the bank have been enhanced through technology. Equity bank has integrated creativity and innovation as part of its core values. It is from technological innovations that the company has managed to create new platforms for providing financial services to its customers. Technology has helped the company track its progress, set targets, and make necessary changes aligned to the demand in the market. Equity bank has remained sensitive regarding IT integration in its operations. Application of IT has resulted in the creation of applications that enhance the strategic management of all the company operations, with the most impactful innovation being Equitel, the group's mobile banking platform, which has contributed greatly to efficiency and profitability.

Equity banks' early and continued investment in banking technology and the gradual shift from traditional banking to an increasingly digitally driven model perfectly align with the observed changes in customer preferences in the banking sector. The bank supports development and growth through the use of IT plans.

1.2 Research Problem

Dynamic conditions and new trends in the banking sector make it necessary for commercial banks to consider creating and deploying competitive mechanisms to improve their ability to thrive and survive (CBK, 2014). Advances in IT has given customers unfettered access to previously inaccessible information about competing products, driving demand for low-priced and quality services. Equity Bank Kenya Limited, like any other bank in the banking sector, shares the fierce competition in the industry and the significant challenges posed by mobile operators who have introduced innovative alternatives to traditional banking products. This has forced banks and other players within the same industry to focus more on strategic management process drivers and adopt the latest technology to gain and maintain market share (Ongore & Kobonyo, 2011). The intent of this study was to ascertain the impact of strategic management practices and IT on the performance of Equity Bank Kenya Limited.

A number of research studies have been conducted to assess strategic management practices, IT and performance. Strategic management is a channel through which the company can remain viable as target customer needs and requirements are met (Rotich, 2021). Some strategic management functions include; strategy development and visioning, identification of markets and products, company's brand positioning, alignment across departments and processes, planning and course correction, and risk management.

Zuo et al. (2018) maintained that for the company to optimize technology value in strategic management, it needs to understand how technology can be applied to bring about efficiency in all strategic management functions. It is from the effective integration of technology in strategic management functions that the company can elevate its operations. Different strategic management functions require different technology applications. Inefficiency in determining

strategic management functions has resulted in wrong or lack of appropriate technology. Banks in Kenya have yet to fully conceptualize the importance and value of different technological applications in strategic management processes (Ochieng, 2010).

Despite the mentioned benefits of IT, prior literature indicates organizations are not fully aware of the potential available in IT, and this is an area that needs to be explored in depth (Galup, Dattero, Quan & Conger (2007). Few studies have been undertaken to explore the impact of IT on the performance of the banking sector as no given framework can be adopted by commercial banks to effectively integrate IT for increased profitability, and no study has been done to measure the IT success rate (Gupta et al. 2018). Even though IT investments are huge, its failure rate continues to be high and thus, there is a critical need to combine the various success factors, including people, processes and technology, for increased profitability.

Yaseen and El Qirem (2018) in their study noted that for commercial banks to enjoy long-term success, they must implement medium- and long-term strategic plans infused with IT capabilities. However, the study in reference was in relation to Jordanian commercial banks, and no conclusive findings were given on how strategic management infused with technology could bring about sustainable service delivery.

Njoroge & Mugambi (2014) researched the banking sector with a focus on Equity bank Kenya and established that as much as technology provides enormous benefits, it takes up a large share of the bank's resources and hence the need to manage costs associated with acquisition and use of ICT. The study, however, does not give an investment framework for IT use in strategic management.

This research aims to fill existing knowledge and conceptual gaps by answering the research question, what is the influence of strategic management practices and IT on the performance of Equity Bank Kenya Limited?

1.3 Research Objectives

The study was steered by the following objective;

- i. To determine the effect of strategic management practices and information technology on the performance of Equity Bank Kenya Limited

1.4 Value of the Study

Theoretically, the study contributes additional findings to the existing empirical literature on IT and its adoption. In contemporary settings, market conditions are continually changing, demanding the company to formulate strategies to survive and remain relevant. This study helps determine how technological innovations can be integrated into strategic management functions. By keeping up with technological innovations, strategic management operations can be optimized for increased efficiencies and profitability.

Commercial banks in contemporary settings in Kenya may not understand IT's role in strategic management functions. Insights provided in this study will empower commercial banks in Kenya to apply technological innovations during strategy development, identification of markets and products, company's brand positioning, alignment across departments and processes, planning and course correction, as well as risk management.

For the smooth running of operations across commercial banks in Kenya, IT plays a crucial role, and this study provides insight to policymakers in the banking industry on decision-making processes to ensure the establishment of strategic management and IT policies in the banking sector to enhance performance.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This Chapter offers insights as well as information from existing literature on strategic management practices, IT and organizational performance. Information and insights from existing literature are outlined in various sub-sections that comprehensively covers the theoretical foundation of the research as well as the empirical studies and research gaps.

2.2 Theoretical Foundation

Theories are well-organized systematic tools for describing, understanding and making forecasts about a particular subject. A theory is required to guide good research (Esper, Mentzer & Stank, 2008). A theoretical framework, according to Defee, Randal, Thomas, and Williams (2010), directs the statistical associations' areas of investigation. Resource Based View theory and Diffusion of Innovation theory inform the investigations that make up this study.

2.2.1 Resource-Based View Theory (RBV)

The foundation of RBV Theory was laid by Edith Penrose (1959). The theory was later improved by Barney (1991), who emphasized that organizations should possess significant strategic resources to achieve a competitive advantage. This theory was created from management philosophy and argued that the company's competitive advantage is from internal resources (Figurska, 2011; Shruti, 2014). The firm's competitive advantage depends on the unique capabilities and resources it possesses. Resource based view theory can be used to predict whether resources owned by the company can help generate a competitive advantage and improve performance. According to Conner (1991), competitive advantage is enjoyed by the company with resources and capabilities that are hard to copy and are valuable (VRIO).

The resource based view theory centers on how a company can attain sustainable competitive advantage and hence superior financial performance (Shruti, 2014). Sustainable competitive advantage is achievable when the company possesses resources with barriers to duplication, has value characteristics, and is appropriable. The company must effectively deploy VRIO resources in its product market (Figurska, 2011). Therefore, the RBV theory emphasizes charging the company executives with the role of identification and classification of resources and capabilities for deployment and hence the strategic choice.

In relation to this study, the RBV theory suggests that organizations must strive to put their unique resources into good use so as to acquire a sustainable competitive advantage through ensuring product quality by incorporating the latest technological advancements and seeing that its strategic resources are valuable, rare, unique and hard to replicate. IT is viewed as a valuable organizational resource that enhances organizational capabilities and ultimately leads to improved performance. This assertion will encourage financial institutions to develop and adopt unique strategic management practices and use the latest information technologies that ensure long term sustainability. Equity Bank has devoted vast of its resources to IT that aim to transform its products and services as well as the entire business operations.

2.2.2 Diffusion of Innovation Theory (DOI)

Rogers (1962) is known for the development of the diffusion of innovation (DOI) theory. DOI is regarded as one of the social science theories. It originated to explain how a given subject matter, either a product or an opinion, propagates through people and systems and ultimately reaches everyone, and they adopt it. Therefore, the success of innovation diffusion is dependent on the innovation strategy employed by a company, how it is communicated to its stakeholders, the rate of execution and the corporate culture or system (Rogers, 1962).

For companies to effectively integrate technology into their operations, they must constantly focus on their organization, people, processes and value streams. Given that sufficient human capital is required, the innovation strategy has to be well conveyed to all employees, whether they are early adopters, late majority or late comers. Kyengo, Ombui, and Iravo (2016) observed that innovation strategies could fail due to poor diffusion processes.

With reference to this study, banking products are characterized by the necessary steps that require standardization and uniformity to create a foundation aimed at facilitating effortless diffusion of innovation strategies within an organization. Whether it's a technology innovation strategy or a process innovation strategy, you need to build the right network to facilitate the successful diffusion of innovation within your enterprise. This allows employees to share their views and contribute towards the diffusion process, which in the long run will promote the firms competitiveness.

2.3 Strategic Management Practices, Information Technology and Organizational Performance

Strategic management is a combination of actions and executive decisions that help to influence long-term performance of a given organization (Thomas et al., 2015). The process of strategic management involves setting objectives, procedures, or purposes to increase a company's or organization's competitiveness (Steiss, 2019). Through the formulation of the right strategies, businesses can manage both their internal and external environmental factors, which aid in the effective identification of the enterprises' vision and mission. Undoubtedly, the goal of strategic management is to give firms a competitive advantage over their competitors and is crucial for businesses because it enables them to identify potential areas for functional improvement (Sullivan, Thomas & Rosano, 2018). When a successful strategy is used, the company will

effortlessly achieve its objectives through a single, coordinated process (Ferreira, Raposo & Mainardes, 2019). Effective strategic management continuously develops, monitors, and tests the firm's tasks, therefore increasing operational performance, market share, and productivity.

IT is the encapsulation of computer and telecommunication applications used to store, transfer, transmit, retrieve, and process data. IT forms an integral part of an organization and drives its success (Huber, 1990). In the present time, firms need to adopt and utilize IT to create value and achieve competitive advantage. IT also saves time and monetary costs, as well as enhances data security. Giving customers high-quality services is insufficient to add value and gain a competitive edge over its rivals, and as such, organizations need to be more innovative, fast and dynamic. To remain competitive, businesses need to be more intentional in their strategic decision-making processes and come up with new ways to interact with clients through IT.

The internet has become a necessary component of daily life, and its use has greatly enhanced the acceptance and adoption of numerous banking systems, such as online banking (Oluwatolani, Joshua, & Philip, 2011). Customer preference changes daily, and this makes it very challenging for them to accept substandard service delivery; they instead need top-notch services that offer convenience and solve their problems in real time. In light of this, banks endeavour to keep their clients by offering them exemplary services to foster client loyalty and retention, making IT an essential tool for corporate survival in the global era (Uppal, 2011).

2.4 Empirical Studies and Research Gaps

Different studies have been carried out in relation to strategic management practices, IT, and commercial bank performance. Analysis of similar studies helps elucidate the literature gap that needs to be addressed. Zuo et al. (2021), studied the use of technology and its influence on efficiency and daily productivity in Chinese commercial banks. The study employed a

descriptive research design. Annual reports gathered from fifty commercial banks in China provided the secondary data for the study. The research found that for a successful digitization process, there should be alignment between business processes and technology and that commercial banks with the highest overall technological efficiency serve as a reference for other banks in the industry to drive efficiency and transformational improvements. There is however no insight provided on strategic management practices and its contribution to the performance of the mentioned commercial banks.

Gupta et al. (2018) conducted a study evaluating IT and productivity in the Indian banking sector to determine whether there is the existence of a profitability paradox. The researcher employed a survey study research design. Secondary data was obtained from the annual performance reports of three national and two private banks in India. The study revealed that commercial banks that invest more on fintech and formulate strategies infused with IT could effectively identify and meet customer needs and as such attain a competitive advantage. The study, however, does not give a framework for integrating IT in strategic management for increased profitability.

Yaseen and El Qirem (2018), in their study, strived to explore the factors determining the adoption and use of electronic banking services by customers of commercial banks in Jordan. The research findings employed a cross-sectional study design and primary data was collected using a questionnaire. The study found that ease of use was one of the key aspects of describing behavioural intentions to use electronic banking and that commercial banks must build good and reliable IT infrastructure to ensure stability of their online banking platforms as this will help in acquiring more customers and retaining existing ones. The study focuses on electronic banking and factors that affect its use and adoption, however the study does not illustrate how IT and strategic management practices affects the performance of the banks studied.

A study by Njoroge and Mugambi (2018) focused on effects of electronic banking on the financial performance of Kenyan banks with a particular reference of Equity Bank Kenya. This study adopted a descriptive research design. Primary data collection was done through administering of questionnaires. From the study, electronic banking strategy is a key driver of banking industry performance as it attracts new clientele and retains existing customers, expands markets and in the long run increases competitiveness. As commercial banks develop their innovative strategic management initiatives, there is a need for the implementation of a digital infrastructure for the realization of the desired strategies. The study did not address strategic management practices in commercial banks and the effects of these strategies on profitability.

The effect of strategic management practices and IT on performance of the commercial banking sector in Kenya has been exhaustively investigated in this study. The development and adoption of IT has reformed the banking industry and is used in everyday business operations. The nature of the traditional banking system has significantly changed as a result of IT. The acceptance and adoption of IT has proven essential for commercial banks endurance and ultimate success. Banks that enhance their IT infrastructure stand to gain more in the long run given that most bank customers prefer electronic banking over traditional banking due to its effective delivery processes, smooth information flow, better performances, and simpler transactions (Breznik, Li. 2012)

Table 2.1: Summary of Empirical Studies and Research Gaps

Study	Methodology	Findings	Research Gap	Current Study Focus
Digitalization of commercial banks and its impact on efficiency improvements through science and Technology Investments by Zuo et al. (2021)	Descriptive research design.	The study found that adoption and use of Technology impacts the efficiency and performance of commercial banks	The study only focuses on technology and performance but does not provide insights on strategic management practices and its influence on performance	The study focuses on determining how implementing the right strategic management practices and IT can improve the performance of banks
IT and productivity: A case study of the Indian banking sector by Gupta et al. (2018)	Survey research design	The study showed that survival in the marketplace is supported by good technology and strategic management practices. Integration of technology in strategic management practices positively correlates to the commercial bank profitability	The study gave no framework that can be adopted by commercial banks to effectively integrate IT in strategic management for increased profitability	The study determines the importance of adopting ideal technological innovations in strategic management operations at Equity Bank Kenya Limited
Factors influencing the	Cross-sectional	The study showed that social	The study focuses on e-	The study helps outline

use of e-banking technology in Jordanian commercial banks by Yaseen and El Qirem (2018)	survey research design.	influence and good electronic banking quality played a positive influence on the use of e-banking platforms. Good e-banking quality can offer a competitive advantage	banking and how it can influence growth and promote competitive advantage, it does not show how IT together with strategic management practices affect the performance of commercial banks	various technological innovations that can help actualize short and long-term strategic management practices based on insights gained from the market
Effect of electronic banking on the financial performance of Kenyan commercial banks by Njoroge & Mugambi (2018)	Descriptive survey research design.	A good digital infrastructure is required for commercial banks to experience improved strategic management performance and efficiency. Equity bank Kenya needs to invest enough resources toward digitalizing its product and services	The study did not address strategic management practices in commercial banks and the effects of these strategies on the profitability of commercial banks	The study focuses on the effects of strategic management practices, IT and performance of Equity bank Kenya Limited

Source: Researcher 2022

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter centers on the research design, data collection, and data analysis. The chapter provides a comprehensive description of how information was collected and analyzed to generate insights that could be used to answer the research questions formulated in chapter one.

3.2 Research Design

Research design is a framework of research techniques formulated by researchers to collect information consistent with research objectives without deviating from other topics not included in the study (Kothari, 2008). This study employs a descriptive case study research design. Descriptive research designs are based on the idea that projects should avoid metaphysical debates about the nature of reality and truth (Louis et al., 2007).

Given that the primary purpose of this study is to determine the impact of strategic management practices and IT on the performance of Equity Bank Kenya Limited, a descriptive case study design is most appropriate. This technique is better suited because it gives researchers a clear interpretation of key phenomena and is often used to show relationships between specific variables, especially in studies involving data collection using existing records. (Cooper & Schindler, 2006).

3.3 Data Collection

Data collection forms the most critical stage of any research (Kabir, 2016). Data collection includes collecting information on select variables that helps us address research questions (Deyrup, 2013). This study used primary data, which was obtained from the management team of Equity Bank Kenya Limited through interview guides. Interviews were conducted with the

Head of Equity Investment Bank, Head of Corporate Banking, Regional Strategy Director, Group HR Director and Head of Investor relations. This senior management team were selected as target respondents due to their involvement in strategy formulation and were relied on to provide information relevant to the research objective that evaluates the effect of strategic management practices and IT on the performance of Equity Bank Kenya.

3.4 Operationalization of Study Variables

This depicts the subject variables and operational indicators that were used in defining the key areas of measurement. The values and key areas of measurement are depicted in the table below.

Table 3.1: Operationalization of Study Variables

Variable	Operational Indicator	Data Collection Tool	Data Analysis
Strategic Management Practices	<ul style="list-style-type: none"> ● Valid strategic management framework ● Stakeholder participation ● Creativity and innovation 	Interview Guide	Content Analysis
Information Technology	<ul style="list-style-type: none"> ● Number of technological innovations ● Technological infrastructure ● Applicability of technological innovations to profitability ● Alignment between IT and Business 	Interview Guide	Content Analysis
Performance	<ul style="list-style-type: none"> ● Financial (Profitability, Efficiency and market share) 	Interview Guide	Content Analysis

	<ul style="list-style-type: none"> • Customers' retention and acquisition • Operational efficiency • Strong internal processes 		
--	---	--	--

Source: Researcher 2022

3.5 Data Analysis

According to Akhtar (2016), data analysis is the procedure of obtaining useful information by examining, cleaning, transforming, and modeling data. It can also be defined as the process of extracting and assembling raw data, drawing conclusions, and obtaining constructive information that can be used to predict research outcomes. Choosing which data analysis method to use generally depends on the form of data collected and data collection tools used.

The data obtained in this study was qualitative in nature and content analysis was used to analyze data obtained from the interview guides. Content analysis is a qualitative data analysis technique focused on human artifacts such as voice tapes, journals, and scripts (Lincoln & Guba, 2018). Data analysis included an analysis of key concepts, issues, and content related to strategic management practices, IT and performance. The data obtained was used to provide conclusions and recommendations in reference to the study topic.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents a detailed analysis of the collected data, its results, and findings. Before presenting the collected data, this chapter details the participants' demographic, particularly their position and work experience because these aspects significantly impact the quality of the interviewees' collected data. The chapter presents the results in different phases: strategic management practices that Equity Bank Kenya Limited has adopted, use of technology in the bank, and the firm's performance.

4.2. Participant Demographics

In a bid to gather accurate information to effectively respond to the research questions, the researcher interviewed five members of Equity Bank's senior management team: the Head of Equity Investment Bank, Head of Corporate Banking, Regional Strategy Director, Group HR Director and Head of Investor Relations. These individuals were selected as the only target interviewees due to their frequent involvement in the bank's strategy formulation and execution and as such, information obtained from them is likely to be relevant and accurate in evaluating the effect of strategic management practices and IT on the performance of Equity Bank Kenya and ultimately meeting the objectives set out for this research. It was also important to determine the participants' demographics based on their work position and experience because these aspects can affect their responses and thus the validity of the collected data.

4.2.1. Work Position

Each interviewee was asked to affirm his or her job position, duties and responsibilities, and management level at Equity Bank. The researcher established that all the five interviewees were members of the company's senior management team with most being head of different departments in the bank. This illustration shows that the researcher focused on obtaining information from the main players involved in Equity Bank's strategic management processes and as such would be able to effectively tackle the research problem.

4.2.2. Work Experience

Each interviewee was asked about his or her overall work experience and each response was recorded. It was found that three interviewees had over ten years work experience and two had between five and eight years of work experience. From these findings, it was noted that years of work experience is a critical requisite for individuals to work as managers at the bank. Moreover, the work experience findings imply that the interviewees have stayed long in their jobs and as such, deemed fit and relevant to provide accurate information on the impact of strategic management practices and information technology on the performance of Equity Bank Kenya.

4.3 Strategic Management Practices Adopted by Equity Bank Kenya Limited

In determining the strategic management practices adopted by the bank, the interviewees highlighted some of these strategies that include the setting of mission and vision for the bank, environmental scanning, strategy implementation, corporate strategies as well as strategy evaluation, monitoring and control. The interviewees further reiterated that strategy implementation covered environmental scanning, resource application and utilization, rewarding of the employees and the use of technology and other systems in the bank. From the responses

gathered, the bank also engages in strategy formulation to provide effective solutions that will enhance sustainability.

4.3.1 Formulation of Mission and Vision Statements

From the interviewee's viewpoint, the bank is actively engaged in the formulation of mission and vision statements to promote success of the firm. One of the interviewee noted that a good strategic plan usually starts with a clearly defined and outlined business mission, vision, and policies. The mission is basically a short summary of the business' purpose and Equity banks' mission is to promote the ease of access to financial products by low and middle income families in Africa.

The interviewees also noted that the vision details the banks' aspirations while the policies refer to the rules that govern and guide the business' practice and operations. From the interviewees responses, it was evident that the bank has adopted an effective mission and vision to govern its operations. One of the interviewees stated *"Our mission is to provide comprehensive and integrated financial services that empower consumers, enterprises and communities socially and economically. We grow with our community, this is why we provide access to banking services to small businesspersons without turning them away, we preserve their dignity."* Another interviewee noted *"Our vision is to lead in enhancing the social and economic affluence of the people of Africa, and this is why the bank is continuously expanding beyond Kenya into other East and Central African countries"*

4.3.2 Environmental Scanning

Analysis of what the interviewees provided confirmed that the firm actively engages in SWOT analysis, Porters five forces analysis as well as PESTEL analysis. These analysis help to scan the bank's operations within its environment and reveal various aspects of its business performance

strategies. The interviewees noted that SWOT analysis enabled the bank to keep track of its business environment, take note of threats that might hinder its operations as well as evaluate opportunities that can promote the bank success. Analysis of the bank SWOT always reveals some important aspects as shown in the table below.

Table 4.1: Equity Bank SWOT analysis

<p>Bank main Strengths</p> <ul style="list-style-type: none"> • Massive expansion and geographic presence • Broad product portfolio • Strong financial position • Good management policies and practices • Well-developed and efficiently integrated IT infrastructures • Competent and committed human capital • High brand loyalty • Strategic partnerships 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Poor inventory management practices • Insufficient current assets • Insufficient budget for marketing and promotion activities • Less expenditure on the research and development activities • Limited understanding of customers needs and expectations • Poor customer services
<p>Opportunities</p> <ul style="list-style-type: none"> • Exploiting the ever-increasing population and business opportunities • Improving their understanding of their customers needs, taste, and preferences • Exploring and developing new technologies to assist in customer servicing • Reducing interest rates 	<p>Threats</p> <ul style="list-style-type: none"> • The changing regulatory framework and regular introduction of new regulations • Increasing number of direct and/or indirect competitors • Deteriorating economic conditions • The rise in inflation which increases the cost of production

<ul style="list-style-type: none"> • Venturing into digital and social media marketing • Expanding to other market segments and service lines 	
---	--

Source: Researcher 2022

Moreover, during the interview, the researcher asked the interviewees various questions regarding the five porter forces: threats of new players, threat of alternate products and services, competition, bargaining power of suppliers, and purchasing power of buyers. From their responses, the researcher established that there is a high barrier to entry into the commercial banks market in Kenya and East Africa. The interviewees explained that given that most individuals would feel more comfortable having their money placed in big banks and as such new entrants find it hard to acquire market share. The researcher also established that the Equity brand plays a big role in customer acquisition, trust and hence retention. One interviewee said *“The Equity brand in itself has played a key role in the ease of market penetration both in Kenya and East and Central Africa. When customers hear of Equity, they resonate this with a solid brand, a brand they can trust, they also know that they can rely on the banks processes for improved customer experience”*. The interviewees also explained that given the nature of the industry with mergers and bank failures, several banks have been forced to wind up their operations including closure of some of their branches especially those in the rural areas in a bid to cut their expenses.

With regards to rivalry among the existing firms, all the interviewees asserted that there exists rivalry among the existing competitors. four out of the five interviewees agreed that competition exists among commercial banks in Kenya. However, they all noted that Equity has managed to gain competitive edge over its rivals in recent years, despite facing stiff competition. With

regards to the bargaining power of buyers, the interviewees responses indicated that the bank's customers have high a bargaining power. One interviewee said, *“we usually involve our customers in the innovation of different products and services and these products and services are often tailored as per the customers' unique needs and desires.”*

Moreover, the interviewees responses revealed that the Banks suppliers also have a high bargaining power. The interviewees unanimously agreed that Equity's suppliers are highly organized, elastic and concentrated, making them integral to the firm's operations. Lastly, the interviewees' responses indicated that Equity Bank continues to face an increasing threat of substitute products and services. The interviewees particularly mentioned money transactions, saving services, credit facilities and other banking services that are currently being offered by insurance companies, forex bureaus, mobile phone applications and telecom service providers.

All the five interviewees were asked about the political, economic, social, technological, environmental and legal factors affecting the bank's operations and performance. From the interviewees, the researcher noted that political tensions during the election period affects the banks performance and its operations. However, the increasing trade agreements between Kenya and other east and central African countries have created several business expansion opportunities for Equity Bank. Economically, the interviewees noted that the low gross domestic product (GDP) per capita since the covid-19 pandemic has adversely affected the firm's overall performance. The volatility of the Kenyan currency also endangers the bank's operation and business strategies.

From the researcher's findings, it is evident that the current lifestyle trends among the middle-income population in Kenya, especially their drive to own homes and cars, go for vacations, start side-businesses, and live a luxurious lifestyle has spurred the bank's success. Technologically,

the interviewees unanimously agreed that the telecommunication and IT development in Kenya has been more helpful than harmful to the bank's operations and business strategies. In particular, the mobile money service has forced the bank to partner with mobile service providers and embrace online services such as digital applications and mobile money transactions.

According to the interviewees, Equity Bank is undertaking various waste disposal and energy consumption measures so as to be environmentally sustainable as the Kenyan government requires. One interviewee asserted that the bank plans to instal solar panels in its branches across Kenya to reduce its overdependence of electricity and become more environmentally friendly. Legally, the bank has constantly implemented the ever-changing regulatory demands in the banking sector.

4.3.3 Strategy Implementation

The study looked into the banks' level of strategy implementation and it was evident that strategy implementation was one of the key elements of strategic management in the bank. From the interviewees, while strategic management refers to the strategic planning, implementation, and evaluation of a business strategy, strategic implementation entails a series of activities intended at ensuring the selected business strategy works and has been adopted by the bank. Given the increasing uncertainty and globalization in the banking industry, bank managers have to engage in strategic management practices to achieve their corporate goals. Equity Bank has been undertaking different strategic changes over the years and the firm often involves its customers and employees in the strategic change implementation.

The interviewees affirmed that they are actively involved in all the strategic implementation activities and stages. One of the interviewee noted that Equity Bank has created an organizational culture that appreciates individuals, enhances performances, and supports the

business and these aspects are monitored continuously to ensure that any variances between targets and outcomes are addressed promptly and that strategy implementation is a continuous process.

The researcher further found that the bank has established broad policy guidelines, procedures, and processes for the employees to follow during strategy implementation. Additionally, the researcher noted that the bank does nearly everything possible to ensure that a given business strategy is successfully implemented, including offering the employees both financial and non-financial rewards to motivate them to effectively implement and execute the business strategy. An elaborate communication structure and system has been established by the bank to ensure effective and coherent communication between the employees and the management during the strategy implementation process.

4.3.4 Corporate Strategies

From the interviewees responses, the study found that Equity Bank employs different corporate strategies to counter the stiff competition in the Kenyan banking industry. The strategies that the bank has adopted include product variation, branch and regional growth, relationship management and marketing, credit financing, establishing an effective and reliable customer-care department, and embracing technological innovations and creativity. Diversification has allowed the bank to offer different services and this has promoted its success in the region. The bank also engages in active collaboration and partnership with different government agencies both locally and internationally to drive its goal of providing financial freedom to small and medium size businesses. This has enhanced the banks competitiveness within the country and promoted its successful expansion to other regions. One of the interviewees noted- *“We are in a strong position to support small businesses, especially during the Covid-19 pandemic that has impacted*

businesses and their cash flows. The bank can help business owners across the continent rethink and refocus their businesses to create and retain jobs.'

4.3.5 Strategy Evaluation, Monitoring and Control

The interviewees acknowledged that once the strategies have been implemented, it is important that an organization evaluates, monitors, and controls its effectiveness and success. To ensure that the implementation of a strategy achieves the desired results, Equity Bank has established a continuous monitoring system. The company continuously monitors the strategy implementation process and activities through close supervisions. Additionally, the bank often uses evaluability assessment to evaluate each implementation activity and process. Faster corrective actions and decisions are usually undertaken by the management during the strategy implementation to quickly correct any problem to ensure it does not adversely affect the strategy implementation process.

4.4 Information Technology

The interviewees were asked several questions regarding information technology at the bank. From the responses, the researcher found that technological innovation plays an integral role in enhancing the bank's performance. Amid technological advancements and developments, Equity Bank has adopted different technological systems to streamline its operations, improve the standards and value of the services it offers, and enhance its competitiveness.

An interviewee noted that technology is currently used in nearly every aspect of the bank's operations and management. From ATMs to internet, mobile, and virtual banking, technology is playing a major role in enhancing the services offered to customers, ensuring customer satisfaction, attracting new consumers, and improving the bank's operations; thus, becoming an integral aspect of the company's recent economic success. Consequently, the increasing use of

these technologies has compelled the firm to develop special innovative strategies. Based on the interviews, the research found that the bank adopted the following innovation strategies: product and technology innovation as well as financial and market innovation strategies to acquire competitive edge and enhance its performance in the banking industry. The interviewees reiterated that the bank has specific innovation strategy for specific departments, products and services and this has helped the firm appropriately implement the business and technology strategies.

4.5 Organizational Performance

The interviewees were asked to describe how the bank measures its performance, how the bank's financial performance has improved due to adoption of information technology, and recommendations they can offer to ensure the bank's operations are fully digitized to enhance its performance. The interviewees mentioned sales, profit before tax, dividends, share capital, return on assets, and return on equity as performance measures.

The interviewees noted that due to technological innovation strategies adopted by the bank, 99% of Equity Bank customer transactions happen outside the branch networks and this has greatly contributed to the growth in its financial performance. The interviewees asserted that the bank witnessed profit after-tax growth even during the Covid-19 pandemic due to its extensive digital operations and transactions. Nonetheless, despite the exemplary digitization of most of the bank's operations, the interviewees recommended better online customer services, more training for employees on operating the bank's digital applications, creating separate and independent digital banking infrastructure and increasing digital operations.

4.6 Discussion of Results

The main goal of this research was to determine the effect of strategic management practices and IT on the performance of Equity Bank Kenya Limited. Based on the data analysis and findings noted above, it is apparent that they agree with the findings and assertions of the previous scholarly books that indicated strategic management practices and IT have a substantial influence on the performance of Equity Bank Kenya Limited. The research findings show that Equity Bank Kenya Limited has consistently embraced strategic management and extensively employed technological strategies, systems, and devices in its operations. Equity Bank Kenya Limited has clearly stated its mission and vision and from the interviewees assertions, it is apparent that the company is doing everything possible to ensure it attains its mission and vision.

With respect to its mission, Equity Bank Kenya Limited has rapidly grown in recent years, reaching and empowering millions of ordinary people across East Africa. Equity Bank Kenya Limited recently expanded to the Democratic Republic of Congo in pursuit of its vision to champion the social and economic prosperity of the African people. The SWOT analysis indicates that the bank has managed to have a strong financial asset base, create a committed and competent workforce, strategic partnerships, high brand loyalty, broad product portfolio as well as good management practices and policies.

In particular, it is the broad policy guidelines, procedures and processes that the bank has established for the employees to follow, the elaborate communication systems and reward systems offered to its employs which has enhanced the effective implementation of its strategies. The constant monitoring, evaluation, and controlling of the firm's corporate strategies such as product variation, branch and regional growth, relationship marketing, credit financing and innovative strategies such as product, market, and financial innovation that has enabled

Equity Bank Kenya Limited to gain massive economic growth even during the Covid-19 Pandemic. Additionally, Equity Bank Kenya Limited thrives as the most digitized bank in Kenya. The bank has digitized nearly every aspect of its operations, making it highly appealing to consumers, enhancing its competitiveness and enabling a wider market reach. In return, these benefits have seen the bank rapidly grow and perform better than its competitors in the Kenyan banking industry. Overall, the recent exemplary performance of Equity Bank Kenya Limited has been significantly contributed to by the firm's strategic management practices and increased IT exploration.

4.6.1 Link of Findings to the Theories

The study discovered that strategic management practices and IT played a key role in the performance of Equity Bank Kenya Limited. The findings support the resource based view theory. This theory stipulated that organizations with resources that are rare and hard to imitate are likely to achieve long term success. The inquiry also noted that the success Equity bank enjoys is attributed to its unique individuals placed in leadership positions as well as its unmatched brand loyalty.

The study also supported the DOI theory and noted that technology adoption as well as its diffusion has enhanced the firm's success. The bank has adopted the latest relevant technology and incorporated this into its organizational culture to promote its use. The adoption of modern and effective technology promotes high acquisition of different clients by the firm leading to its success in the region.

4.6.2 Link of Findings to Empirical Studies

The study findings were similar to other past studies. The study noted that strategic plans and operations promote effective management of firms. This was in line with a study done by Titus and Adiza (2019) who noted that strategic plans and thinking style is important in promoting

success of firms in UK. The authors noted that firms must find ways of promoting their success through adoption of strategic plans which are long term.

The findings were also similar to the study done by Mohamed and Bett (2018) who argued that firms can only achieve their plans and goals if they use resources that are strategic and flexible. The authors confirmed that resources play a major role in developing the firms' success. Only firms that adopt a flexible management framework are able to meet the current changing market needs. This means that firms should find ways of analysing and evaluating their market value and work to enhance this through adoption of unique strategic options.

The study also supported the views of Jakšič and Marinč (2019) who noted that success of firms rely on the adoption and use of information technology. The authors confirmed that the current world is driven by technology and it can only be accelerated by firms adopting modern IT. With technology, firms can reduce their costs through automation. This is important for long term value and sustainability of almost all firms across the globe.

CHAPTER FIVE: SUMMARY, CONCLUSION, AND RECOMMENDATIONS

5.1. Introduction

This chapter introduces a summary of the study and its key findings. The chapter further gives conclusion of the study as per the study's objective, literature review, and discussion. Furthermore, this segment presents various recommendations to the current research topic and future studies.

5.2. Summary of the Findings

This research intended to ascertain the impact of strategic management practices and information technology on the performance of Equity Bank Kenya Limited. The findings and results presented in the study are based on the interview responses that the five participants provided during the study. The interviewees were particularly selected from the company's senior management team with the majority of them having over ten years work experience and the remaining 40% having between five and eight years of work experience. Nonetheless, they were all viable to offer valid and accurate information as they had worked in these positions for long periods and were likely conversant with various issues regarding the research subject.

Firstly, the findings showed that Equity Bank Kenya Limited has been embracing strategic management practices since its inception. The bank has been employing different business strategies to counter the stiff competition in the Kenyan banking industry and enhance its financial performance over the years. However, to ensure the success of the business strategies, Equity Bank Kenya Limited has adopted specific organization cultures, communication systems, and human resource strategies. Additionally, the bank has outlined specific approach to strategic

planning. Unlike most firms, Equity Bank Kenya Limited explores consultative approach to ensure it makes an effective and comprehensive strategic plan. Nearly all the interviewees reiterated that the bank's corporate strategies are the main driver behind its exemplary performance in recent years.

Secondly, the study found that information technology has increasingly become an integral component of Equity Bank's operations and success. Approximately 90% of the firm's operations and services involve at least one aspect of technology. With the firm increasingly adopting ATMs, online banking, virtual transactions, and mobile money services, 99% of the customer's transactions are happening digitally today.

Consequently, the increasing technological innovation in the company has resulted in more streamlined operations, efficient customer services, and enhanced competitiveness, leading to improvement of the bank's performance. The interviewees unanimously agreed that the company has been taking the right directions when it comes to technological innovations. They believe that the bank technological systems are up to task and only few improvements should be done to make its innovativeness more effective and efficient.

In effect, Equity Bank's exemplary strategic management practices and massive technological innovation and development have significantly contributed to the firm's recent economic growth and excellence. The company's increasing technological presence and utility has seen it widen its market reach, attract more consumers, improve the quality and variety of its services as well as increasing its customer base. On the other hand, the firm's exemplary corporate strategies, strategic implementation and planning have resulted in the firm building a competent workforce, diversifying its products and services, enhancing its customer satisfaction, and expand geographically. With more branches and operations, more products and services, and improved

customer satisfaction, Equity Bank has witnessed massive financial growth and performance over the years.

5.3. Conclusion of the Study

From the study outcomes and analysis, it is evident that strategic management and information technology have played a vital role in Equity Bank's remarkable economic growth and performance over the years. Equity Bank has been embracing strategic management, implementation, and planning since its inception. The bank has adopted different corporate strategies in different organizational levels and departments to counter the increasing competition, economic volatility, and ever-changing customer needs. Following the increasing technological advancements and globalization, Equity Bank has adopted different technological systems for different operations and activities. In return, these technological innovations have enabled the bank to widen its market reach and improve the quality of its services. With enhanced competitiveness, more customer reach and base, and better customer services, Equity Bank has witnessed exponential growth and performance in recent years.

The study concluded that strategic management practices are crucial in promoting expansion and enhance performance of commercial banks. The bank has adopted the use of technology and corporate strategies to promote its success. It is important that banks use different strategies to promote their success in the country.

5.4. Implication of the Study

5.4.1 Implication to Theory

This study impacts the theoretical foundations of strategic management practice research and provides a reference for scholars, students and researchers wishing to undertake further research in the same area of knowledge. The study also provides a basis for other researchers to form

hypotheses about related research topics. This research further supports the Resource Based View Theory (RBV) and Diffusion of Innovation Theory (DOI) assumptions, showing that strategic management practices and IT drive commercial bank performance and success. In this sense, it is important that resource based view and theoretical models related to diffusion of innovation are used to drive business success. This implies that companies in the banking sector must use resources effectively and apply innovation when managing performance. The study will also be of value to future researchers in the field of strategic management practices and IT that is currently gaining momentum within the banking industry.

5.4.2 Implication to Practice and Industry

This study is centered on the banking industry with a specific reference of Equity Bank Kenya Limited. The study confirms that strategic management and IT are essential development values for banks. It is therefore imperative that bank managers adopt effective management practices by developing effective strategies and finding ways to implement those strategies while overseeing operations. Companies in the industry also need to manage their strategic plans through the integration and adoption of the latest technologies as it is a recipe for improving performance and sustainability.

5.4.3 Implication to Policy Development

From a policy perspective, it is important that policy agents in the country adopt some of the findings in the study and adopt programs that promote strategic thinking within the firms in the country. With effective policies associated with technology management and application of strategic agility and resilient platforms, many firms in the country will experience high success.

This is important towards promotion of success and growth in terms of management of various firms in the country.

5.5. Recommendations of the Study

From the findings of the study and the subsequent discussions and conclusion, the study recommends that Equity Bank should consider focusing and investing more on its customer services to increase customer satisfaction and retention. In the face of the current economic decline and inflation, the study recommends that the bank should develop stringent measures and policies on reducing non-performing loans and lending; thus, reduce the rate of loan default. As per the interviewees' suggestions, Equity Bank should continue evolving and developing its technological platform to overcome the technological risks such as hacking, manipulation, and technical failures.

The research noted that there are numerous products and services that the bank is offering, but the customers are seemingly unaware of them. In this regard, the study recommends increased investments in the promotion and advertising of the banks' products and services to increase their awareness and recognition in the target market. The bank should also promote its good relationship with different government agencies. This is important towards its branding.

5.6. Limitations of the Study

Given that this was an empirical study and actual interviews were conducted to collect information regarding various research questions, there are various limitations and gaps that the study failed to address. Firstly, the study had limited participants, making its scope limited and less diversified. The five interviewees were relatively inadequate to providing accurate and comprehensive information with regards to the subject matter. The researcher should have considered interviewing other stakeholders to affirm the interviewees' assertions and claims

before using them to make analysis and conclusions in the study. Additionally, the researcher should have considered secondary sources such as financial records and company reports to correlate some of the collected data, especially the firm's financial performance.

5.7. Areas Suggested for Future Research

Based on the limitations of the study, it is important that future researchers consider expanding the research scope. Future research should have more participants, including employees from different organizational departments and levels, customers, and shareholders. Additionally, future research should consider incorporating secondary data from annual financials in the research to ascertain the collected primary data. Lastly, future research should consider comparative analysis of the compiled data, where the researcher compares the collected findings to the finding of its competitors.

REFERENCES

- Gunawan, H. (2019). *Strategic management for IT services using the IT infrastructure library (ITIL) framework*. 2019 International Conference on Information Management and Technology (ICIMTech).
- Finney, R.Z., Campbell, N.D. & Powell, C.M. (2005). *Strategies and resource: Pathways to success?* Journal of Business Research, 58(1), 1721-1729.
- Yasuharu, I. (2003), *The Effects of Information System Investment in Banking Industry* JEL Classification, D24, G21, L86.
- Wang, Y., Wang, Y., Lin, H. and Tang, T. (2003), *Determinants of user acceptance of Internet banking: an empirical study*, International Journal of Service Industry Management, Vol. 14 No. 5, pp. 501-519.
- Ferreira, J., Mueller, J., & Papa, A. (2018). *Strategic knowledge management: theory, practice and future challenges*. Journal of knowledge management.
- Wiseman, C. (1988) *Strategic Information Systems*. McGraw-Hill Professional, Water Street.
- Barney, J. B. (1991), *Firm resources and sustained competitive advantage*, Journal of Management, 17(1), pp. 99-121.
- Rogers, E. M. (1962). *Diffusion of innovations*. New York, Free Press of Glencoe.
- Dooley, K.E. (1999). *A holistic model for the diffusion of educational technologies: An integrative review of educational innovation studies*. Educational Technology & Society 2(4), 35-45.
- A. Hochstein. G. Tamm and W. Brenner. (2005), *Service Oriented IT Management: Benefits, Cost and Success Factors*. Proceedings of 15th European Conference on Information Systems, Regensburg, Germany.

- Latifovna, G. A. (2022). *Digital Technologies in Commercial Banks. EPRA International Journal of Socio-Economic and Environmental Outlook (SEEO)*, 9(2), 5-9.
- Fahy, J.C. (2002). *A resource-based analysis of sustainable competitive advantage in a global environment. International Business Review*, 11, 57-77.
- Central Bank of Kenya (2014). *Report on banking sector in Kenya: CBK Annual Report*. Nairobi: Government Press.
- Gitonga, J. & Miriti, K (2008). Response strategies of Equity bank ltd to competition in the Kenyan banking Industry. *Unpublished MBA project*, University of Nairobi.
- Andrews, K. R. (1980). *The concept of corporate strategy (revised ed.)*. Chicago
- Eyers, J. (2020). *CommBank is using AI to help triage loan deferral customers*. The Australian Financial Review.
- Figurska, I. (2011). Knowledge Strategy of The Organization. *Human Resources Management & Ergonomics*, 5(2).
- Chandler, A.D. (1962) *Strategy and Structure: Chapters in the History of American Enterprise*. MIT Press, Boston.
- Mintzberg, Henry. (1994). *The rise and fall of strategic planning: reconceiving roles for planning, plans, planners*. New York : Toronto :Free Press ; Maxwell Macmillan Canada.
- Porter, M.E. (1980) *Competitive Strategy: Techniques for Analyzing Industries and Competitors*. Free Press, New York.
- Hanson, D., Hitt, M. A., Ireland, R. D., & Hoskisson, R. E. (2016). *Strategic management: Competitiveness and globalisation*. Cengage AU.
- Henry, A. (2021). *Understanding strategic management*. Oxford University Press.


- Shrivastava, P. (1994). *Strategic management: Concepts & practices*. Cincinnati, OH: South-Western.
- Huber, G.P. (1990). *A theory of the effects of advanced information technologies on organizational design, intelligence*. University of Texas
- Bernard H. Boar (1997). *Strategic Thinking for Information Technology*. Wiley computer publishing: Information technology
- Forest, J & Kinser, K (2002), *Higher Education in the United States: An Encyclopedia*, ABC-CLIO. Galpin, T., Herndon, M. (2000). *The complete guide to mergers and acquisitions*. San Francisco: Jossey-Bass Inc., Publishers.
- Peter G. W. Keen. (1981). *Value Analysis: Justifying Decision Support Systems*. MIS Quarterly, 5(1), 1–15.
- Laužikas, M., & Miliūtė, A. (2019). *Communication efficiency and effectiveness within strategic management of change: Insights into civil service organizations*. Journal of security and sustainability issues, 8, 617-630.
- Neely, A.D., (2007). *Business performance measurement, unifying theories and integrating practice*. (2nd ed.). Cambridge University Press, Cambridge.
- Hamon, T.T. (2003). *Organizational Effectiveness as Explained by Social Structure in a Faith-Based Business Network Organization*. Unpublished Doctoral Dissertation, Regent University, Virginia Beach.
- Robbins, S.P. & Coulter, M. (2002). *Management*. 7th Edition, Prentice Hall, New Jersey.
- Ho, L. (2008). *What Affects Organizational Performance? Industrial Management & Data Systems*, 108, 1234-1254.

- Ochieng, O. (2010). *The banking survey in Kenya. The overall ranking of banks*. Nairobi, ORB Business Publishers
- Gupta, S. D., Raychaudhuri, A., & Haldar, S. K. (2018). *IT and profitability: evidence from Indian banking sector*. *International Journal of Emerging Markets*.
- Hill, C. W. L., & Jones, G. R. (1998). *Strategic management: An integrated approach*. Boston, MA: Houghton Mifflin.
- Jakšič, M., & Marinč, M. (2019). *Relationship banking and IT: The role of artificial intelligence and FinTech*. *Risk Management*, 21(1), 1-18.
- Lau, T., & Leimer, B. (2019). The era of connectedness: How AI will help deliver the future of banking. *Journal of Digital Banking*, 3(3), 215-231.
- Louis, C., Keith, M., & Lawrence, M. (2007). *Research methods in education 6th edition*. New York.
- Corte, V. D., D'Andrea, C. & Del Gaudio, G. (2017). *The state of art of Resource-Based Theory in marketing research*. *The Marketing Review*, 17(3), 283-306.
- Muhumed, Q. M. (2018). Corporate social responsibility strategies and competitive advantage of commercial banks in Kenya: Case of Equity Bank Kenya Limited. *International academic journal of human resource and business administration*, 3(1), 27-51.
- Njoroge, M. N., & Mugambi, F. (2018). Effect of electronic banking on financial performance in Kenyan commercial banks: Case of Equity bank in its Nairobi Central Business District branches, Kenya. *International Academic Journal of Economics and Finance*, 3(2), 197-215.


- Rijnhart, J. J., Twisk, J. W., Eekhout, I., & Heymans, M. W. (2019). Comparison of logistic-regression based methods for simple mediation analysis with a dichotomous outcome variable. *BMC medical research methodology*, *19*(1), 1-10.
- Ristovska, N. (2022). Developing Strategic Framework for Competitiveness in The Global Market. *Bulgarian Journal of Agricultural Economics and Management*, *19*(1), 52-64.
- Rotich, P. (2021). *Organizational Policies and Performance of Equity Bank in Kenya unpublished* University of Nairobi.
- Safari, A., & Saleh, A. S. (2020). Key determinants of SMEs' export performance: a resource-based view and contingency theory approach using potential mediators. *Journal of Business & Industrial Marketing*.
- Cicea, C., & Hincu, D. (2009). *Performance evaluation methods in commercial banks and associated risks for managing assets and liabilities*. Communications of the IBIMA,7, ISSN:1943-7765
- Certo, S. C., & Peter, J.P. (1991). *Strategic management: Concepts and cases* (2 ed.). New York: McGraw-Hill.
- Titus, N., & Adiza, G. R. (2019). *Entrepreneurship and strategic management: A critical review on the relationship between these paradigms*. European Journal of Research and Reflection in Management Sciences Vol, 7(2).
- Yaseen, S. G., & El Qirem, I. A. (2018). *Intention to Use E-Banking Services in the Jordanian Commercial Banks*. International Journal of Bank Marketing, 36, 557-571.
- Zuo, L., Strauss, J., & Zuo, L. (2021). *The Digitalization Transformation of Commercial Banks and Its Impact on Sustainable Efficiency Improvements through Investment in Science and Technology*. 44(1-2), 59-66

APPENDICES

Appendix I: Nacosti Research Permit




REPUBLIC OF KENYA



**NATIONAL COMMISSION FOR
SCIENCE, TECHNOLOGY & INNOVATION**

Ref No: **311493** Date of Issue: **07/November/2022**


RESEARCH LICENSE




This is to Certify that Ms. Karu Sharma Boy of University of Nairobi, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Nairobi on the topic: STRATEGIC MANAGEMENT PRACTICES, INFORMATION TECHNOLOGY AND PERFORMANCE AT EQUITY BANK KENYA LIMITED for the period ending : 07/November/2023.

License No: **NACOSTI/P/22/21562**

311493
Applicant Identification Number


Director General
**NATIONAL COMMISSION FOR
SCIENCE, TECHNOLOGY &
INNOVATION**

Verification QR Code



NOTE: This is a computer generated License. To verify the authenticity of this document, Scan the QR Code using QR scanner application.

See overleaf for conditions

Appendix II: MBA Office Introductory Letter For Research



UNIVERSITY OF NAIROBI
FACULTY OF BUSINESS AND MANAGEMENT SCIENCES
OFFICE OF THE DEAN

Telegrams: "Varsity",
Telephone: 020 491 0000
VOIP: 9007/9008
Mobile: 254-724-200311

P.O. Box 30197-00100, G.P.O.
Nairobi, Kenya
Email: fob-graduatestudents@uonbi.ac.ke
Website: business.uonbi.ac.ke

Our Ref: **D61/36549/2020**

October 21, 2022

TO WHOM IT MAY CONCERN

RE: INTRODUCTION LETTER: KARU SHARMA BOY

The above named is a registered Master of Business Administration Student at the Faculty of Business and Management Sciences, University of Nairobi. She is conducting research on: **"Strategic Management practices, information technology and performance at Equity bank Kenya limited."**

The purpose of this letter is to kindly request you to assist and facilitate the student with necessary data which forms an integral part of the Project.

The information and data required is needed for academic purposes only and will be treated in **Strict-Confidence**.

Your co-operation will be highly appreciated.

A handwritten signature in black ink, appearing to read 'Philip Mukola'.

PHILIP MUKOLA (MR.)
FOR: ASSOCIATE DEAN, GBS & R
FACULTY OF BUSINESS AND MANAGEMENT SCIENCES

PM/fmi

Appendix III: Introductory Letter

Dear Respondent,

My name is Karu Sharma Boy, a final year Master of Business Administration student at the faculty of Business and Management Sciences in the University of Nairobi. I am conducting research on **Strategic Management Practices, information Technology and Performance at Equity Bank Kenya Limited**. Your organization has been selected as part of my research study to understand how strategic management practices and information technology influence performance. I hereby kindly request you to please spare a few minutes to respond to my brief interview questions which will offer guidance and help me complete my report on the research subject. Finally, the researcher wishes to declare that the details you provide will be kept in strict confidence and used solely for the purposes of this report. Thank you very much for your assistance.

Yours faithfully,

Karu Sharma Boy

Appendix IV: Interview Guide

Section A: Background Information

1. How long have you worked in the bank?
.....

2. What is your designation?

Section B: Strategic Management Practices

3. Strategic management practices play a key role in the success of the organization. How often does your company formulate new strategies to improve performance?
.....
.....
.....
.....
.....

4. Please elaborate if your company has a forward-looking strategic plan that factors in changes in both the internal and external environmental to enhance its performance.
.....
.....
.....
.....
.....

5. Effective strategy formulation requires that the organization evaluates all its resources including people. How does Equity Bank Kenya ensure effective strategy decisions are made factoring in its staff members?

.....
.....
.....
.....
.....

Section C: IT

6. Please elaborate the role technology has played in enhancing your organizational performance.

.....
.....
.....
.....

7. Technology helps in formulation of innovative strategies that improve performance, how has Equity Bank Kenya incorporated information technology in its strategic management practices?

.....
.....
.....
.....
.....

8. Please elaborate how Equity Bank Kenya has used its information technology infrastructure to gain a competitive advantage, identify markets and formulate its strategies.

.....

.....

.....

.....

.....

9. Lack of alignment between business and IT hinders effective technology integration in organizations. How does Equity bank Kenya limited ensure alignment between business and technology strategies?

.....

.....

.....

Section D: Performance

10. How does your organization measure performance?

.....

.....

.....

.....

.....

11. How has the banks financial performance improved due to the adoption of information technology?

.....
.....
.....
.....
.....

12. What recommendations would you provide to ensure the banks operations are fully digitized to enhanced performance?

.....
.....
.....
.....
.....

Appendix V: Supervisor Allocation Form



Answer

**UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS MASTERS PROGRAMME
MBA PROPOSAL/PROJECT SUPERVISION ALLOCATION FORM**

SECTION A: (To be completed by the student)

Name of student: **KARU SHARMA BOY** Reg. No.: **D61/36549/2020**

Department: **BUSINESS ADMINISTRATION**

Specialization (Tick as appropriate)

- i) Marketing []
- ii) Human Resource Management []
- iii) Strategic Management [✓]
- iv) International Business []
- v) Insurance/Risk Management []
- vi) Entrepreneurship []
- vii) Finance []
- viii) Accounting []
- ix) Operations Management []
- x) Management Information Systems []
- xi) Procurement & Supply Chain Management []

Mobile phone: +254 712 162 559 Email: sharma.boy@students.uonbi.ac.ke

/karu.sharmaboy@gmail.com

Proposed Title of Study: **TECHNOLOGY AND INNOVATION AND ITS EFFECTS ON THE FINANCIAL PERFORMANCE OF COMMERCIAL BANKS IN KENYA**

Name of Preferred Supervisor(s):

(i) Professor James Muchiri Gathungu

(ii) Professor Martin Ogutu (iii) Professor Evans Aosa

Signature of student: *[Signature]* Date: **23rd MAY 2022**

SECTION B: (For Official Use only. To be completed by the Department)

i) Name of Supervisor Allocated:

Supervisor: *Prof. J. Gathungu* Mobile No.: *0733 783625*

Co-Supervisor (If any): Mobile No.:

Moderator: *Prof. E. Aosa* Mobile No.:

Proposal Presentation/Submission Dates:

Proposal Presentation: Oral Defence: Project Report Submission Date:

ii) Approved by Thematic Coordinator:

Name: Signature: Date:

Approved by Chairman of Department:

Name: *Dr. F. Muriuki* Signature: *[Signature]* Date: *27/5/22*

NOTE:

1. A student shall not commence proposal writing before allocation of University supervisor.
2. Original Transcript, Fees Statement and Synopsis should be attached to this form. This form is available in the Department, SOB website or Ambank House. Students get their copy later from the Department after allocation is done.
3. The approved copy of this form must be attached to the proposal when submitting for moderation and presentation and when submitting the final project.

Appendix VI: Turnitin Report



17TH NOVEMBER 2022.

STRATEGIC MANAGEMENT PRACTICES, INFORMATION TECHNOLOGY AND PERFORMANCE AT EQUITY BANK KENYA LIMITED

ORIGINALITY REPORT

14% SIMILARITY INDEX	13% INTERNET SOURCES	1% PUBLICATIONS	5% STUDENT PAPERS
--------------------------------	--------------------------------	---------------------------	-----------------------------

PRIMARY SOURCES

1	erepository.uonbi.ac.ke Internet Source	8%
2	erepository.uonbi.ac.ke:8080 Internet Source	1%
3	pdfs.semanticscholar.org Internet Source	1%
4	ir.jkuat.ac.ke Internet Source	1%
5	Submitted to Kenyatta University Student Paper	<1%
6	Submitted to Mount Kenya University Student Paper	<1%
7	www.iajournals.org Internet Source	<1%
8	chss.uonbi.ac.ke Internet Source	<1%

Submitted to Pioneer International Univeristy