INFLUENCE OF FINANCIAL STRATEGY IMPLEMENTATION ON PERFORMANCE OF SELECTED COMMERCIAL BANKS IN KISUMU, KENYA

MARYLINE BARASA

A Research Thesis Submitted in Partial Fulfillment of The Requirements for The Award of the Degree of Masters in Business Administration (Strategic Management Option) of Masinde Muliro University of Science and Technology.

November, 2023

DECLARATION

This study was completed independently by myself using just the cited resources and has not been submitted anywhere for credit toward a degree or any other honor.

Signature…… Date ……

Maryline Barasa

Reg No: MBA/G/28/2015

CERTIFICATION

We the undersigned certify that we have read and hereby recommend for acceptance of Masinde Muliro University of Science and Technology a research proposal entitled, "**Influence of Financial strategy implementation On Performance of Selected Commercial Banks In Kisumu, Kenya**"

Signed…… Date…….

Prof.Charles Yugi Tibbs

Department of Accounting and Finance

Masinde Muliro University of Science and Technology

Signed…… Date…….

Dr. Shitseswa E. Ayub

School of Business and Economics

Masinde Muliro University of Science and Technology

ABSTRACT

Kenya witnessed collapse of several banks such as Imperial Bank and Dubai Bank regardless of the corporate aggressively building new competencies and capabilities, to remain competitive and grow profits. The study sought to determine the impact of Financial Strategy implementation, technological innovation, debt restructuring strategy on Performance of commercial banks in Kenya, ascertain the effect of financial risk management strategies on Performance of commercial banks in Kenya and to determine the moderating effect of organizational culture on the effect of Strategic Financial Management on Performance of commercial banks in Kenya. The research was directed by the theories of institutional theory, risk management theory, Burke-Litwin theory, and diffusion innovation theory. The research design used in this study was a descriptive survey. The research used 34 operational banks in Kisumu City as the target population, covering five years from 2017- 2021.The respondents consisted of 102 managers from the selected banks who were chosen via purposive sampling method. To collect primary data, structured questionnaires was used. A pilot study was carried out in four different commercial banks in Kakamega county to assess the validity and reliability of the research instruments that were being used where content, construct validities and Cronbach alpha were utilized for the purpose of determining reliability. Both descriptive and inferential statistics were employed to analyze the quantitative data. The descriptive analysis's findings were summarized and provided as a mean and standard deviation. To further examine this, an inferential analysis was performed using a 5% level of significance as the threshold. Descriptive analyses included things like frequency counts, standard deviations, and percentages, whereas inferential analyses made use of things like Pearson correlation analysis, simple linear, multiple linear, and hierarchical regression analysis at a significance level of 0.05 and a confidence level of 95.0%. Tables, charts, figures, and models were all available to access this information. Commercial banks in Kisumu City were shown to benefit from the deployment of financial technology innovation (β=.234, P=0.005), financial risk management (β=.280, P=0.005), and debt restructuring (β=.904, P=0.000). R squared = 0.727 indicates that 72.7% of the variance in commercial bank performance can be attributed to differences in financial strategy execution. Additional variance in performance of 4.8% (R Square change=0.048) was explained by the mediating influence of organizational culture on the link between financial plan execution and performance. Financial plan execution was shown to be a significant predictor of success for Kisumu City-based commercial banks. This research suggests that commercial banks should implement and enhance new technological innovations to boost their Performance, that commercial bank management should exercise oversight over the volume of credit and the collection strategy incorporated into its credit policy, and that bank administration should institute sound risk management mechanisms and policies to guide their operations. In addition, commercial bank management should put more resources into fostering activities that strengthen the institution's culture and ultimately boost performance.

TABLE OF CONTENTS

TITTLE PAGE ..... **i**

DECLARATION ..... **ii**

ABSTRACT ..... **iii**

LIST OF TABLES ..... **viii**

LIST OF FIGURES ..... **x**

LIST OF ABBREVIATIONS AND ACRONYMS ..... **xii**

OPERATIONAL DEFINITION OF TERMS ..... **xiii**

CHAPTER ONE **1**

INTRODUCTION **1**

1.1 Background of the Study **1**

1.2 Statement of the Problem **4**

1.3 Objective of the Study **5**

1.3.1 General Objective **5**

1.3.2 Specific Objective **5**

1.4 Research Hypotheses **5**

1.5 Significance of the Study **6**

1.6 Scope of the Study **7**

1.7 Limitations of the Study **8**

CHAPTER TWO **9**

LITERATURE REVIEW **9**

2.1 Introduction **9**

2.2. Theoretical Review **9**

2.2.1 Diffusion of Innovation Theory **9**

2.2.2Burke-Litwin theory **10**

2.2.3 Risk Management Theory **10**

2.2.4 Institutional Theory **12**

2.3 Conceptual Review **14**

2.3.1 Technological Innovation **14**

2.3.2 Debt Restructuring **15**

2.3.3 Financial Risk Management Strategies **16**

2.3.4 Organizational Culture **20**

2.3.5 Performance 21

2.4 Empirical Review **23**

2.4.1 Technological Innovation **23**

2.4.2 Financial Risk Management Strategies and performance **27**

2.4.3 Debt restructuring and Performance **30**

2.4.4 Organizational Culture and Performance **35**

2.5 Summary of the chapter and Gaps **37**

2.6 Conceptual Framework **42**

CHAPTER THREE **45**

RESEARCH METHODOLOGY **45**

3.1 Introduction **45**

3.2 Research Design **45**

3.3 Study Area **45**

3.4 Target Population **46**

3.5 Sample Scope and Sampling Technique **47**

3.6 Data collection Instruments and Procedures **47**

3.6.1 Types and Sources of Data **47**

3.6.2 Instrumentation **48**

3.6.3 Data Collection procedures **48**

3.7 Pilot Study **49**

3.7.1 Validity of Research Instrument **49**

3.7.2 Reliability of Research Instrument **50**

3.8 Data Analysis and Presentation Techniques **51**

3.8.1 Descriptive statistics **51**

3.8.2 Inferential statistics **51**

3.8.2.1Correlation Analysis **51**

3.8.2.2 Regression Analysis **52**

3.8.3 Diagnostic Tests **54**

3.8.4 Hypothesis testing **55**

3.9 Observation of Ethical Standards in the Study 56

CHAPTER FOUR **58**

DATA ANALYSIS, FINDINGS AND DISCUSSIONS **58**

4.1 Introduction **58**

4.1.1 Response Rate **58**

4.1.2 Period of Service **59**

4.2 Results on Reliability and Validity Testing **60**

4.3 Descriptive Statistics **64**

4.3.1 Descriptive Statistics for Technological innovation **65**

4.3.2 Descriptive statistics for Debt restructuring **67**

4.3.3 Descriptive statistics for Financial risk management **70**

4.3.4 Descriptive statistics for organizational culture **73**

4.3.5 Descriptive statistics for Performance **76**

4.4 Pearson Correlation Analysis **77**

4.6 Diagnostic Test for Linear Regression Analyses **80**

4.6.1 Normality Test **80**

4.6.2 Multi-collinearity Test **80**

6.1.4 Homoscedastic Test of Performance **82**

4.7 Linear Regression Analyses **83**

4.7.1 Influence of Technological innovation on Performance **83**

4.7.2 Influence of Debt restructuring on Performance **86**

4.7.3 Influence of Financial risk management on Performance **88**

4.8 Multiple Linear Regressions **91**

4.9 Hierarchical Linear Regression..... **95**

4.10 Stepwise Regression **102**

4.11 Testing for null hypotheses 103

CHAPTER FIVE 106

SUMMARY, CONCLUSION AND RECOMMENDATIONS..... 106

5.1 Summary of findings..... **106**

5.1.1 Influence of technological innovation on Performance **106**

5.1.2 Influence of debt restructuring on the Performance..... **107**

5.1.2 Influence of Financial risk management on Performance **108**

5.1.4 Moderating effect of organizational culture on the relationship between financial strategy implementation and Performance..... **109**

5.2 Conclusion **110**

5.4 Recommendations..... **112**

5.5 Suggestion for further studies **114**

REFERENCES..... 115

APPENDIX……..130

LIST OF TABLES

Table 2.1 Research Gaps **39**

Table 3.1: Staff Establishment in Banks **47**

Table 3.2: Hypothesis testing **56**

Table 4.1: Reliability of Research Instruments **61**

Table 4. 2: KMO and Bartlett's Test **63**

Table 4.3: Descriptive Statistics for Technological innovation **65**

Table 4.4: Descriptive statistics for Debt restructuring **68**

Table 4. 5: Descriptive Results for Financial risk management **71**

Table 4. 6: Descriptive statistics for Organizational culture **74**

Table 4.7: Descriptive statistics for Organizational Performance **76**

Table 4. 8: Multiple Correlation Matrix **78**

Table 4. 9: Collinearity Statistics **81**

Table 4. 10: Model Summary for Technological innovation **83**

Table 4. 11: ANOVA for Technological innovation **84**

Table 4. 12: Regression Coefficient for Technological innovation **84**

Table 4. 13: Model Summary for Debt restructuring **86**

Table 4. 14: ANOVA for Debt Restructuring **87**

Table 4. 15: Regression Coefficient for Debt restructuring **87**

Table 4. 16: Model Summary Financial risk management **89**

Table 4. 17: ANOVA for Financial Risk management **89**

Table 4. 18: Regression Coefficient for Financial risk management **90**

Table 4. 19: Model Summary Financial strategy implementation and Performance. **92**

Table 4. 20: ANOVA for Financial strategy implementation **92**

Table 4. 21: Coefficients of the Independent Variables and Performance **93**

Table 4. 22: Model Summary for Moderating Variable of Organizational culture ... **97**

Table 4.23: ANOVA Table for Hierarchical Regression **98**

Table 4.24: Regression Coefficients for Moderating Variable **98**

Table 4. 25: Stepwise Regression **102**

LIST OF FIGURES

Figure 2.1: Conceptual Framework **43**

Figure 4. 2: Homoscedastic Test of Performance **82**

LIST OF APPENDICES

APPENDIX I: List of commercial banks 127

APPENDIX II: Questionnaire 129

APPENDIX III: Secondary data collection schedulE 135

APPENDIX IV: Normality 136

APPENDIX V: Validity results 139

APPENDIX VI: Nacosti permit 142

LIST OF ABBREVIATIONS AND ACRONYMS

ANOVA	Analysis of Variance
CEO	Chief Executive Officer
CMA	Capital Market Authority
DER	Debt Equity Ratio
DY	Dividend Yield
MM	Modigliani and Miller
NACOSTI	National Commission for Science, Technology and Innovation
NSE	Nairobi Securities Exchange
ROA	Return on Asset
ROE	Return on Equity
SPSS	Statistical Package for Social Scientists\
VIF	Variance Inflation Factor

OPERATIONAL DEFINITION OF KEY TERMS

Strategic Financial Management:	In this study, debt restructuring, financial risk management, and technology innovation are used in conjunction with strategic financial management to improve the performance of commercial banks.
Performance:	Performance is defined in this study as the revenue/turnover generated, operating expenses, and profitability of Kisumu City's commercial banks.
Debt restructuring strategy:	Debt restructuring is the practice of commercial banks in Kisumu City deferring loan repayment, lowering interest rates, refinancing debt, and reorganizing debt in order to reduce financial harm, get out of financial trouble, and enhance the company.
Financial risk management strategy:	This includes implementation of risk measurements and monitoring, comprehensive internal controls, Policies, procedures and limits and Management information systems by commercial banks in Kisumu City so as to manage exposure to risk and devising ways on how to reduce or minimise risks that may occur in firm
Organization culture:	These values, norms, and procedures govern and mold the conduct of every team member in Kisumu City's commercial

banks; they are the assortment of traits that collectively establish the character of a certain enterprise.

Technological innovation: Financial process redesigns, innovative financial instruments, financial data system security, and financial technology applications by Kisumu City's commercial banks are examples of technological innovation in action.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

According to Joshi (2022), strategic financial management is the study of finance from a long-term perspective while taking the enterprise's strategic goals into account. To provide it a wider context, it is being more and more referred to as "strategic financial management" these days. It's a word used to explain how a corporation manages its money in order to achieve its strategic objectives. It's a management strategy that creates a strategic plan by utilizing various methods and financial instruments. Thus, strategic financial management guarantees that the selected approach is put into practice in order to accomplish the intended outcome. Hitt et al. (2017) state that strategic finance management has been emphasized as a key tool for combating market pressure to compete as well as a way to improve these companies' performance.

In recent decades, strategic financial performance has faced a number of predicaments (Narula & Duning, 2010). Financial strategic performance for banking sector has been left behind (Alnajjar, 2019). Banks have to adjust to current standards to withstand the existing trends (Kirkpatrick, 2019). The financial strategy approaches would therefore see banks thrive (Devi, 2017). Elliott and Yan (2019) study in China examined the specifics of strategic financial management which were found valuable on bank performance.

Scholarly arguments highlighting deficiencies to be addressed have been sparked by financial strategic management practices (Chandra, 2017). This study looked

specifically at Kisumu City and attempted to determine how financial strategy execution affected Kenyan commercial banks' performance.

Scholarly arguments highlighting deficiencies to be addressed have been sparked by financial strategic management practices (Chandra, 2017). This study looked specifically at Kisumu City and attempted to determine how financial strategy execution affected Kenyan commercial banks' performance. They made the observation that productivity ranged widely depending on the organizational culture and the degree of company expertise. Guan et al. (2016) examined the efficiency patterns of 15 Chinese industries by considering R&D, learning, production, promotion, and organization to be innovation inputs. On the other hand, he contended that a company's ability to develop technologically led to aspects like market share, sales growth, export rate, profit growth, productivity, and the rate at which new goods are introduced. They found that just 16% of the businesses they looked at were technically proficient.

In order to account for the decline in value compared to the original conditions of credit contracts and to allocate this decline in value amongst creditors and equity holders, a kind of adjustment known as debt restructuring may be implemented. Debt restructuring, which may involve deferring debt repayment (Roberts and Sufi 2008; Roberts 2015), provides debtors with an extension of the loan's repayment period, which is an economic benefit when renegotiating a bank loan. Despite the significance of debt restructuring as a financial instrument, our understanding of the causes and effects of debt restructuring, especially between banks and unlisted enterprises, remains limited, mostly owing to a lack of accurate contract-level data on private debt restructuring. Even for publicly traded companies, it is not easy to acquire the data related with private debt restructuring outside of court, since publicly accessible

information such as financial statements may not adequately account for the specific contents of debt restructuring. Even the financial statement is not typically disclosed, making it very difficult to systematically gather data related to private debt renegotiation between banks and unlisted enterprises.

The Kenyan Banking sector is diverse. There has been a tendency of decline of performance in the banking sector globally. The Ugandan and Tanzania central banks have decried on the low performance associating it to poor strategy formulations. In Kenya some giant banks collapsed such as Trust, chase and continental banks that had dominated in the industry. Debt restructuring became the key component that lacked adequate strategies (CBK, 2022). A number of studies towards the banking sector are geared towards financial performance, prudential guidelines, distress and profitability leaving behind strategy implication of the declining and collapse trends in Banks. There has been decline in number of banks for quite some time with some being closed down due to inability to survive in the current market (CBK, 2021). According to Farhatali (2017), a lack of strategic financial management objectives is the reason why few small and medium-sized firms (SMEs) in Kenya embrace strategic financial management. Small and medium-sized business (SMEs) owners frequently lack the financial know-how and business acumen required to carry out an environmental audit and create a long-term financial plan. Mathenge and Muturi (2017) found that public university financial management practices fall short of expectations. Even though higher-level educational institutions needed financing for growth, the study showed that there was a shortage of resources, leading to a financial disaster. Overall, Okibo and Sile (2015) found that Moi University's student enrolment is affected by the university's financial management practices.

In developing economies, such as Kenya, the Strategic Financial Management is critical to an organization as the impact of financing decisions is related to the organization's capability to compact with its competitive surroundings. A company's best strategic financial management is one that maximizes shareholder wealth while minimizing a firm's cost of capital (Villamil, 2007). From the empirical literature, there is lack of a satisfactory, comprehensive and positive explanation for firms' Strategic Financial Management and financial performance. The relationship between Strategic Financial Management and Performance is theorized to be influenced by the industry in which the firms operate, although it is yet unclear how Strategic Financial Management affects firm financial performance. The aim of this research is to establish a connection between the Strategic Financial Management and Performance of Kenya's Listed Commercial Banks.

1.2 Statement of the Problem

In recent decades, strategic financial performance has faced a number of predicaments. Financial strategic performance for banking sector has been left behind. Banks have to adjust to current standards to withstand the existing trends. There has been a tendency of decline of performance in the banking sector globally. The Ugandan and Tanzania central banks have decried on the low performance associating it to poor strategy formulations. In Kenya some giant banks collapsed such as Trust, chase and continental banks that had dominated in the industry. Debt restructuring became the key component that lacked adequate strategies (CBK, 2022). The focus of a number of studies on the banking industry is on financial performance, prudential guidelines, profitability, and distress, leaving behind the strategy implications of the declining and collapse trends in banks (Kithinji, 2017; Girmay, 2016; Abaniset, 2017; Mensa, 2016 ; Saah, 2016; Odongo, 2018 ; Addo, 2017). Because previous research had been

inadequate, this study sought to investigate how Kenya's commercial banks' efficiency is affected by the execution of their financial strategies.

1.3 Objective of the Study

1.3.1 General Objective

The purpose of the research was to analyse the effect of financial strategy execution on the efficiency of Kenya's commercial banks.

1.3.2 Specific Objective

The specific objective of this study was to:

i. To evaluate the influence of technological innovation strategy on Performance of commercial banks in Kenya
ii. To assess the influence of debt restructuring strategy on Performance of commercial banks in Kenya
iii. To determine the influence of financial risk management strategy on Performance of commercial banks in Kenya
iv. To evaluate the moderating influence of organizational culture on financial strategy implementation on Performance of commercial banks in Kenya

1.4 Research Hypotheses

The study was guided by the following research hypotheses:

i. H_{01}: Technological innovations have no significant influence on the Performance of commercial banks in Kenya.
ii. H_{02}: Debt restructuring has no significant influence on the Performance of commercial banks in Kenya.

iii. $H_{03:}$ Financial risk management has no significant influence on the Performance of commercial banks in Kenya.

iv. $H_{04:}$ Organizational culture has no significant moderating influence on the relationship between financial strategy implementation and Performance of commercial banks in Kenya.

1.5 Significance of the Study

In order to create a financial plan that will maximize performance for both their shareholders and employees, financial institutions operating in Kenya's competitive market must be able to accurately assess their needs. Recognizing, assessing, monitoring, and managing risks in an effective manner is critical to the survival of financial institutions. Institutions need reliable methods for estimating the amount of capital needed to deal with losses from market, credit, and operational risks in order to effectively evaluate and manage these dangers. However, in the recent past, there has been delisting and suspension of firms in NSE due problems related to financing structure of commercial banks. As a result, a variety of stakeholders, including bank management, creditors, investors, regulatory agencies, academicians, and scholars, would find this study to be significant.

The findings of this study will assist Kenya's commercial banks' senior management team in reaching well-informed decisions on which financial strategy to execute and how corporate strategy would influence financing options. To assess the viability of a company in order to provide prospective strategic implementation assistance in the future, should it be required. A comparison of the various businesses operating within the sector that is the subject of the research by the creditors would also be an important aspect of the study.

Regulatory bodies like the Capital Market Authority and the Nairobi Securities Exchange would be in charge of evaluating and overseeing the management and financial plan of different financial organizations. They would be helpful in overseeing the financial operations to make sure the businesses are operating in a sound manner. Shareholders want to know how effectively management is utilizing the company's resources to foster development and optimize performance before making an investment in a corporation. Additionally, as a result of the study, investors would receive information from the research on an appropriate financial plan for the company.

The findings of this study could be useful to scholars and researchers who wish to investigate financial strategy ideas with an emphasis on developing nations. To facilitate simple access for academics and researchers, this study article would probably be made available online in addition to being made available in libraries.

1.6 Scope of the Study

The study's main focus was on how Kenyan commercial banks' performance was affected by their adoption of financial strategies. Implementing debt restructuring, financial risk management, and technological innovation were all part of the financial strategy. Kisumu City is the site of this investigation. The Kenya Bankers' Association reports that there are 34 different banks present in Kisumu City. Data was gathered from branch managers, operational managers, and credit managers at commercial banks in Kisumu City as the study's major population of interest.

Kisumu City was chosen as the hub for business in East Africa due to its rapid urbanization, abundant natural resources, and thriving industries focused on processing agricultural products (like rice and sugar), fishing, brewing, and textile

manufacturing. These industries make Kisumu City one of the fastest growing cities in Kenya. Kisumu City's water and rail connections make it a crucial stop on the commercial route that connects Mombasa to Lake Victoria. Additionally, it serves as the main hub for agricultural products from Western and Nyanza areas. Being the region's economic center, it offers an ideal environment for a range of studies.

1.7 Limitations of the Study

The following lists the study's limitations and the researcher's suggestions for getting over them. These are a few of them: Due to the sensitive nature of the plans, several of the respondents declined to provide the requested information. The participants were reassured by the researcher that their participation was entirely voluntary and that their answers would be kept private. A number of the respondents turned down the chance to take part in the data collection due to scheduling conflicts. The researcher did all in their power to gather as much data as possible for the study because they were extremely patient and performed the necessary safety measures.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter entails theoretical framework, conceptual framework, empirical review based on past studies, summary of reviewed literature and research gaps.

2.2. Theoretical Review

The research will use Diffusion of Innovation Theory, Burke Litwin Theory, Risk Management Theory, and Institutional Theory to examine the problem and illustrate the connections between the variables under study.

2.2.1 Diffusion of Innovation Theory

The concept of innovation is generally acknowledged to have originated with Rogers (1962). The theory states that everything novel inserted into an already-existing social structure is an innovation, and that the process by which a new idea gradually permeates society through established channels is known as innovation diffusion. Here, the idea is an effort to describe how new innovations, like product innovation, diffuse across a society (Clarke, 1995). That the spread of innovations requires such a different perspective from other theories of change is one of Robinson's (2009) main criticisms of the theory. Instead, then concentrating on persuading individuals to alter their behaviour, this view sees evolution and reinvention as the primary drivers of change, with the latter two resulting in better-tailored goods and services. It is based on the idea that although individuals themselves do not evolve, the demands of the general public should guide any new developments.

Adopting an invention is not an immediate process, as stated by Sevcik (2004). He then argues that this reluctance to change significantly slows the spread of innovations and prevents them from being widely adopted. Adoption of innovations is influenced by various factors, the most important of which are their complexity, compatibility, observability, relative benefit, and trialability (Rogers, 1995). Rogers argues further that how an organization evaluates these characteristics is what determines how quickly it embraces new innovations. As one of Africa's most dynamic markets, Kenya's internet service provider business is also one of the most competitive (World Bank, 2019). Since the theory of diffusion of innovations elaborates on how businesses embrace new technologies, it is relevant to our investigation.

2.2.2Burke-Litwin theory

Burke-Litwin theory elucidates a number of change models that may be used by management to effect organizational transformation. Organizational change management is only one area where these models may be useful. They can also be used to foresee and address potential problems in the change management process (Gowing, Kraft and Quick, 2008). The Burke-Litwin theory and other open systems models may provide light on the mutual influences that shape an organization and its surroundings. When major shifts in the marketplace necessitate a reorganization of debt, this idea comes in very handy. Other, equally important factors in understanding and modelling change are included in the Burke-Litwin theory as well, such as structure, systems, management methods, climate, individual skills, and motivation.

2.2.3 Risk Management Theory

This theory was created by (David,2007) and intended to consider why management of risk is required in a firm. The organizations ought to be motived about the risks and

ought to oversee it like, the expenses of Taxes and bankruptcy and agency cost what not. At the point when the reasons for risk management in the activities of firms are associated with common comprehension, they can give even one result. At the point when all the risks become discerning, this thing turns into the reason, in increasing shareholder value. Root and Stein in 1998 made a framework which looks at the fundamental in collection of capital, budgeting of capital and the undertakings and risk management decisions.

As indicated by Hassan and Faris management of risk is a fundamental store among listed firm exercises. In recent circumstances with no doubt all recorded firms face huge number risks just as leverage risk, market risk, liquidity risk acridities. That is the reason perceptive risk management is extremely fundamental. Fan in 2004 aver the proficiency of huge firms of USA as well as risk. He finds that in matter of bankrupt and credit risk, the feeling of benefit is uncommon, yet not for loan mixture and liquidity risk. Regulators are concerned about the overall risk, but they are less concerned about the individual risks posed by the various components of a portfolio since administrators are able to window dress an uncompromising position. The necessity for total risk made it clear that risk assessment can't be centralized since portfolio risk isn't just a whole of segment according to the requirements (Markowitz, 1965). This means that changes in the asset allocation cannot be the primary driver of portfolio risk, and that returns must instead serve as the portfolio's primary motivation (Beverly, 2015).

Administrative requirements and alternative choices need management to take into account the risk return exchange off; risk measuring is prohibitively expensive due to this approach business directors make a trade-off between cost and accuracy (Sovan, 2010). Any strategy that the company decides to implement will be impacted by trade

off. One of the primary goals of risk assessment is to predict with high certainty the worst possible scenario for a financial institution (Muhammad & Bilal, 2014). To ensure that they are not let down, controllers may establish capital requirements that are higher than the estimated maximum loss. Scenario analysis and risk assessment are the two recommendations that deal with value at risk that are included in the risk management hypothesis (Sovan, 2010). Scenario analysis is a method that may be used in place of the risk calculation's distribution hypothesis; it's also a highly subjective method that assumes future results will be similar to those seen in the past (Wilfred, 2006).

2.2.4 Institutional Theory

Institutional theory is derived from the work of Meyer and Rowan (1991) and DiMaggio and Powell (1991). The theory offers an explanation that may be used to get an understanding of the planning and execution of management mechanisms inside firms. According to Meyer and Rowan (1991), businesses feel pressured to standardize on measures and practices that are based on oversimplified public notions of how they operate. Even if the obtained routines and processes are just momentarily more convenient, they claim that compliant businesses increase their legality and their chances of survival.

According to Arwinge (2013), corporate procedures, along with the different roles, duties, procedures, and systems of internal control, become emblematic expressions of social responsibility and compliance. In addition to this, the author asserts that businesses that have appropriate organizational structures and formal rules are shielded from having their daily operations scrutinized. Managers and leaders of institutions should take into consideration these standards, which entail normative

commitments that may be seen as fundamentals of business life. Therefore, regulations and laws have significant effects on how a company functions. The presumptive rules that specify how a new business should conduct its operations by creating new organizational conditions, renaming the ones already in place, and making other operational suggestions (Meyer & Rowan, 1991).

According to DiMaggio and Powell (1991), there are three mechanisms that push companies to be isomorphic with their surroundings: coercion, mimetic conduct, and normative behavior. When we speak about a firm exhibiting coercive isomorphism, we imply that the company is conforming its activities and operations to the norms of the society in which it operates. The government and quasi-government institutions have imposed values and sets of norms in a variety of operational domains, compelling firms to comply with particular restrictions. These requirements may be either official or informal. Mimetic isomorphism, as described by DiMaggio and Powell (1991), entails only patterning oneself after the best practices, which requires a transition that occurs in a context of ambiguity. In order to implement business practices that are compliant with applicable laws and ethical standards, as well as to find simple and affordable solutions to challenges facing their organizations, company leaders actively monitor competition in other industries in addition to their own. As in Arwinge (2013).

An example of a normative sort of isomorphism would be a change that coincides with the diversification of professions both within and between institutions. The goal of self-regulation is pursued by a variety of professions, each of which does so by establishing its own set of standard operating procedures to direct its activities. The uniformly required learning, the professional organizations, and the processes that are embraced and put into practice by a variety of firms provided the motivation for the self-regulation that was later put into place (DiMaggio & Powell, 1991). The goal of

self-regulation is to speed up the convergence of best practices across industries and sectors. The necessity to promote and propagate norms and values that have a mandatory, evaluative, and prescriptive component is validated by institutional theory, which in turn supports the hierarchical culture variable. This is done across several industries to reduce ambiguity and promote uniformity and reliability through a variety of cooperative methods (House, Hanges, Javidan, Dorfman & Gupta, 2004). The fourth objective of this study, "To analyze the moderating impact of organizational culture on Strategic Financial Management on Performance of commercial banks in Kenya," is thus related to the institutional theory.

2.3 Conceptual Review

2.3.1 Technological Innovation

The concept of measuring the effectiveness of activities related to technological innovation is not new to the research literature; yet, there is a lack of empirical data. Choi (2017) performed an analysis to determine the effectiveness of R&D cooperation with governmental research institutes in Spain. They considered corporate revenue, staff count, and R&D expenses to be inputs of the R&D partnerships, whereas overall income, number of new hires, and patents were considered outcomes. They made the observation that productivity ranged widely depending on the organizational culture and the degree of company expertise. Guan et al. (2016) examined the efficiency patterns of 15 Chinese industries by considering R&D, learning, production, promotion, and organization to be innovation inputs. On the other hand, he contended that a company's ability to develop technologically led to aspects like market share, sales growth, export rate, profit growth, productivity, and the rate at which new goods

are introduced. Only sixteen percent of the companies they examined have adequate technical infrastructure.

According to Batiz and Woldesenbet (2016), financial innovations are imaginative approaches to business finance issues. Examples of these include creative cash management, unique and personalized payment methods, and market-based pricing innovations. According to Boston Consulting Group (BCG, 2019), cutting-edge financial services make for a significant portion of the profits and operating expenses of every successful business. The provision of premium or loyalty cards, the assessment of associated financial risks, and the reduction of operational costs form the backbone of airline operations, but empirical studies are needed to back up these claims, especially in the airline industry, which is struggling with profitability due to low demand because of the Covid-19 pandemic.

2.3.2 Debt Restructuring

A type of adjustment known as debt restructuring may be used to account for the decrease in value relative to the original terms of credit contracts and to distribute this drop in value among equity holders and creditors. Debt restructuring, which may involve deferring debt repayment (Roberts and Sufi 2008; Roberts 2015), provides debtors with an extension of the loan's repayment period, which is an economic benefit when renegotiating a bank loan. Despite the significance of debt restructuring as a financial instrument, our understanding of the causes and effects of debt restructuring, especially between banks and unlisted enterprises, remains limited, mostly owing to a lack of accurate contract-level data on private debt restructuring. Even for publicly traded companies, it is not easy to acquire the data related with private debt restructuring outside of court, since publicly accessible information (e.g., financial

statements) may not adequately account for the specific contents of debt restructuring. Even the financial statement is not typically disclosed, making it very difficult to systematically gather data related to private debt renegotiation between banks and unlisted enterprises.

Existing research on the reason of debt restructuring have relied on selective data due to the scarcity of such information. For instance, Roberts and Sufi (2008) utilize data for one thousand U.S. public companies that has been updated with data accounting for different adjustments to loan contracts. Bruner and Krahnen (2008) use the same data set, which consists of 124 borrower enterprises that are in difficulty and was collected directly from the databases of six major German banks. Even though this new research has widened the empirical assessments of debt restructuring's root causes, contract-level empirical data is still lacking.

2.3.3 Financial Risk Management Strategies

The identification and mitigation of uncertainties that may impair an organization's capacity to achieve its objectives constitute the fundamental components of risk management. From this vantage point, company executives ought to implement stronger systems for spotting these kinds of circumstances and developing countermeasures (Hill et al 2010). The probability that an incident may affect the achievement of objectives (Partnerships BC, 2005 and NIST, 2004). The four foundational elements of risk management are identification, quantification, monitoring, and control. This method is put in place to guarantee that the person in question has a firm grasp of risk management and is able to carry out the company's overall goals and objectives (SBP, 2003).

The ultimate responsibility for deciding how much risk to assume rests with each organization's board of directors. Therefore, they should back the institution's big-picture business plans and goals, particularly those that include risk management and taking, and guarantee that the top brass has the chops to oversee the institution's operations. The board of directors is accountable for vetting management's efforts to recognize, assess, monitor, and mitigate the threats to the organization. Depending on the circumstances, different institutions may need more or less technical competence from their board of directors. Reports should be issued to the board of directors that describe the types, levels, and consequences of threats to which the company is exposed. Directors should also seek briefings from auditors and independent specialists to ensure they have a thorough understanding of the threats their businesses face. Now that they have all the facts, boards of directors must decide how many connections are best for their institutions and oversee the implementation of the policies, processes, and controls required to achieve the allowed criteria.

The effectiveness of an organization's method for assessing the financial risk of its operations greatly depends on the quality of its management information systems. In their oversight capacities, such as deciding how much money to keep on hand, boards of directors and upper management may benefit from the information provided by such systems. The importance of having data that is accurate, thorough, and up-to-date is, therefore, paramount. In particular, management need information on the various portfolios' compositions and qualities, preferably on a consolidated basis, so that it may assess whether or not the institution's results are consistent with the financial risk strategy. Additionally, a management information system is a crucial component of every successful business. This ensures that management is made aware of any exposures that are dangerously near to their risk limits. All feasible threats should be

included into any risk limit measurement system. The financial institution's information system should centrally track all credit exposures to both borrowers and counterparties, and it should promptly report any material deviations from predetermined credit risk limits. Managers at financial institutions need to be able to zero in on certain areas of the credit portfolio that pose an abnormally high risk. In view of the intricacies of the company's operations, it is essential that business line managers, higher management, and the board of directors constantly evaluate the depth of the data to ensure it is adequate.

An institution's board of directors and senior management are responsible for making sure that the organization's risk management policies and procedures adequately address any potential threats. After a thorough risk assessment has been conducted, the institution's rules and more clearly defined processes will give direction for the operational execution of overarching business strategy. Additionally, these guidelines will often have limits set up to safeguard the organization from taking unnecessary or reckless risks. All relevant institutions should have policies and procedures in place to deal with the major operations and hazards of the institution. In order to ensure that a company's policies, procedures, and limitations are adequate, they must at least address the following; (i) Ensure that the risks associated with its major operations are properly identified, measured, monitored, and controlled, (ii) Maintain a level of rigor commensurate with the business's complexity and scale, the institution's stated aims and objectives, and its overall financial soundness, (iii) Establish unmistakable channels of responsibility and power over all operations of the institution, (iv) Allow for a review of any novel endeavours before they are launched to make sure the institution has the proper systems in place to detect, monitor, and manage any potential dangers.

In order to conduct thorough risk monitoring, institutions must first identify and quantify all relevant risk exposures. In order to ensure the effectiveness of risk monitoring initiatives, operating performance, and risk exposure of the institution to senior management and directors, as well as to provide regular and comprehensive reports for those in charge of managing the day-to-day operations of the institution, timely updates on the financial state must be supported by data systems. The following should be kept in mind to guarantee efficient risk measurement and management information system reporting: all of the institution's material hazards are accounted for in its risk monitoring procedures and reports; the key assumptions, data sources, and procedures used in risk measurement and monitoring are appropriate, well-documented, and regularly tested for reliability; and reports and other forms of communication are in line with the institution's overall mission and values.

Any risk management strategy must be successful in large part due to the robustness of an organization's internal control framework. Establishing and maintaining an impenetrable system of controls, which includes scrupulously adhering to specified reporting linkages and functional silos (such trading, custody, and back office), is one of management's core responsibilities. Indeed, the appropriate division of responsibilities is a fundamental and essential component of every successful risk management and internal control system. An unsafe and unsound practice that might result in major losses or undermine the financial integrity of the organization is the failure to adopt and maintain an effective division of roles. If internal controls have been seriously compromised, for as through insufficient division of roles, then disciplinary action may be taken by management. Assets are safeguarded, operations are enhanced, accurate financial and regulatory reporting is produced, and compliance with all relevant laws, regulations, and institutional policies is ensured with the help

of an effective internal control system. For evaluating the effectiveness of an organization's internal controls, an impartial internal auditor who answers to the audit committee or the board of directors is the best choice. Keeping meticulous records of audits, reviews, and management's reactions to them is crucial due to the necessity of internal controls.

2.3.4 Organizational Culture

Individuals are socialized into certain norms and patterns of behavior as a result of a company's organizational culture, which acts as a vehicle for the organization to exert its effect on an individual's identity and behavior (Parker, 2000). Employee behavior, learning and development, creativity and innovation, and knowledge management are all impacted (Bollinger et al., 2001; Martins et al., 2003; Tseng, 2010). Cameron and Quinn (2011) assert that organizational culture is closely related to an organization's sense of identity, values, purpose, goals, and objectives, as well as how it fosters a common set of values. An organization is more successful when it has a strong culture and analogy than when it has a weak, inconsistent, and disjointed culture, according to a number of organizational studies researchers (Cameron et al., 2011; Irefin et al., 2014; Nikpour, 2017). According to the findings of the academics Kotter et al. (1992), a company's culture significantly affects its long-term performance. They went on to prove that companies with cultures that valued customers, investors, and workers, and that had strong leadership at all levels of management, outperformed those without such cultures by a wide margin.

Arguments based on theory provide credence to the hypothesis that performance and organizational culture are connected (Cameron et al., 2006; Zheng et al., 2010). Furthermore, empirical evidence suggests a connection between performance and

organizational culture (Duke II et al., 2012; Ogbonna et al., 2000). Additional research demonstrates that productivity rises for both workers and the company as a whole when employees are held to the same standards and principles throughout the firm (Hofstede, 2001). According to Sawner (2000), a company's culture plays a significant role in determining whether it succeeds or fails. This is the basis for the connection. It is frequently held accountable for the organization's issues and, on rare occasions, praised for acquiring commendable qualities (Shani & Lau, 2008). It is crucial for leaders to have a firm understanding of the implications of organizational culture due to the substantial impact that it has on numerous facets of an organization's performance and operations. There may be unanticipated and unpleasant consequences if an organization's culture is disregarded while planning any form of internal change (Cameron & Quinn, 2011).

2.3.5 Performance

According to Marinova, Platenga, and Remery (2016), performance is an organization's ability to use its resources efficiently in order to achieve the objectives it has set for itself. According to Katou and Budhwar (2018), a company's success can be determined by how successfully it satisfies its own goals. A company's performance encompasses a wide range of actions used to define and track its objectives. It makes it possible to make adjustments for more efficient and successful goal-attainment (Namada, 2018). Following this, suggestions for improving organizational behavior and infrastructure are generated, which are ultimately implemented in order to reach better levels of production.

The difference between an organization's actual output and its expected aims and objectives, or outputs and outcomes, can be used to determine how well it is

performing. According to Njeri and Were (2017), numerous research have demonstrated that a range of traits contribute to positive customer-supplier relationships. Optimizing performance is a goal shared by all businesses; it can be gauged by increased revenue, competitiveness, or brand awareness, among other metrics. Several methods can be used to quantify operational efficiency; some of these methods are parametric (e.g., stochastic frontier analysis), while other methods are not (Cheptora et al., 2018). A company's management must identify and eliminate the root causes of inefficiency if the business is to gain a competitive edge and maintain that advantage over time, or at the very least, survive the challenges of competitors.

The three most crucial facets of an organization's success, according to Das and Buddress (2017), are its operational, financial, and product performances. Shin and Konrad (2017) evaluate an organization's success by taking into account not just how well it serves its clients, but also how well it runs its internal operations and how creative it is. The factors of financial performance that are thought to be the most important financial drivers for improving results when analyzing a company's financial performance include working capital, cash flow, profit margin, asset turnover, and leverage. He elaborates by saying that a company's profitability, customer retention, customer satisfaction, and brand image are all directly tied to the care with which it treats its consumers. To properly compare innovativeness and internal processes, one must keep in mind that the former refers to the efficacy of the organization's internal procedures, while the latter refers to the flexibility with which employees cope with novel circumstances. Corvellec (2018) asserts that sales data is insufficient to provide a complete picture of success. Instead, variations in sales might only be the result of changes in the market's size or the status of the economy. One measure that can be

used to assess how well an organization is performing in relation to its competitors is the portion of the market that its employees are able to capture (market share).

2.4 Empirical Review

Empirical literature review is defined by Zikmund, Babin, Carr, and Griffin (2010) as a systematic search of relevant scholarly publications (books, journals, and conference proceedings) that examine theories and offer empirical data related to the subject of the study. As a result, it offers a stage on which to conduct an analysis of the variables and their interactions, as well as a criticism of the results when appropriate. Therefore, this part will give an overview of such empirical evidence.

2.4.1 Technological Innovation

Claudio, Teresa, and Cristina (2013) examined data from the Survey of Business Strategy (SBS) in Spain. Spanish manufacturing companies' panel data is gathered by the SBS between 1990 and 2005. According to research conducted, an overestimation of the effect that innovation has on business performance may result if the innovation product is used without taking into consideration the work that was put into developing it. The findings indicate that there is potential for improvement in the efficacy of technological innovation in Spain's manufacturing sector owing to the low number of successful businesses now functioning in the region. This is the case because of the limited number of successful organizations. The results underline the need of measuring technological innovation's impact on business performance rather than focusing solely on innovation's inputs or outputs as a single aspect in the analysis. Based on the study's findings, it is critical to assess how businesses are advancing one of the most important activities that are critical to a company's success: technological

innovations. This requires having a firm understanding of the significance of technological innovation (Claudio et al., 2013).

To ascertain the efficacy of R&D collaboration with Spanish government research organizations, McKinney (2017) conducted an investigation in the USA. The number of patents, total income, and new hires were considered the R&D partnerships' outputs, while business revenue, staff count, and R&D expenses were considered the inputs. They made the observation that productivity ranged widely depending on the organizational culture and the degree of company expertise. Guan et al. (2016) looked at the efficiency trends in 15 Chinese industries, classifying innovation inputs as R&D, learning, manufacturing, promotion, and organization. On the other hand, he contended that a company's ability to develop technologically led to aspects like market share, sales growth, export rate, profit growth, productivity, and the rate at which new goods are introduced. They found that just 16% of the businesses they looked at were technically proficient.

Financial innovations are imaginative approaches to business finance issues, such creative cash management, bespoke payment designs, or market-based pricing innovations (Batiz & Woldesenbet, 2016). According to Boston Consulting Group (BCG, 2019), cutting-edge financial services make for a significant portion of the profits and operating expenses of every successful business. The provision of premium or loyalty cards, the assessment of associated financial risks, and the reduction of operational costs form the backbone of airline operations, but empirical studies are needed to back up these claims, especially in the airline industry, which is struggling with profitability due to low demand because of the Covid-19 pandemic.

In the Indian microinsurance market, researchers Didier and Olsson (2017) looked at the value of an inclusive approach to service innovation. They reasoned that the single most important step in offering new services was improving processes through the use of technology. They did this by looking at how internal and external influences interact with innovation. The results enabled us to characterize the most advantageous feature of technological progress: the ability for stakeholders to avoid starting from scratch. Stakeholders don't start with nothing, which is a benefit. Each organization has an internal information repository that it shares with the others to move closer to a common objective. The success of microinsurance was attributed, in part, to the company's ability to repurpose an already-existing payment mechanism. In this perspective, the rapid adoption of mobile technology observed in developing nations was especially noteworthy because of the lack of infrastructure and the drive for cost-cutting.

According to the results of a study done in 2016 by Mbithi et al. to look into how technical innovation strategy affected company performance in Kenya's sugar industry, there may be a connection between technological innovation strategy and firm performance. The study was practical in its approach. activities that support the development, expansion, and invention of new products, services, or abilities; activities that enhance already-existing items; activities that produce new technical knowledge. All of them represent innovative uses of technology. The development of new technologies is fuelled by interactions with customers, suppliers, competitors, and a range of other public and private entities. The innovation process is heavily reliant on the external environment.

The study conducted by Cheng et al. (2017) found that automated payment services are offered on an electronic billing podium that is linked to the payment and settlement

systems utilized by e-commerce companies. In other words, this resulted from an average resolution of trust and security concerns regarding payments between buyers and sellers. This implies that the utilization of cutting-edge payment technologies enabled by the internet, which might be applied to improve the adaptability and usefulness of conventional cash payments, money transfers, and bank card payments, may lessen the quantity of manual transactions.

Inna et al. (2019) examined the payment options available to travellers who booked their airline tickets online via a laptop, desktop computer, or mobile device. The authors focused on these five airlines after analyzing the World Airlines Awards' list of the top 10 airlines worldwide (World Airlines Awards, 2019). The poll found that Qatar Airways, Singapore Airlines, ANA All Nippon Airways, Cathay Pacific Airways, and Emirates were the five airlines that provided their passengers with the most flexible payment options. PayPal, Apple Pay (for iOS devices), Android Pay, Alipay, Bitcoin, and other approved forms of payment were used. According to the data, booking flights directly with an airline is the most preferred option, followed by using a mobile device to do so and finally by using a travel agent. Although the increase of mobile phone reservations should not be ignored, the findings show that online bookings are much more popular in the airline business than more conventional channels like travel agencies. As a consequence, online booking platforms are becoming more important to the industry as a whole.

Ngure (2017) studied how 56 savings and credit cooperatives (SACCOs) in Kenya's Nyeri County fared in terms of operational efficiency as a result of technology improvement. A cross-sectional survey and stratified evaluations were two of the approaches used in this study's analysis of a sample of thirty SACCOs. The results make it abundantly evident that online and phone banking play a crucial role in

SACCOs' ability to operate profitably. Based on the study's findings, researchers came to this conclusion. The study's conclusions indicate that since financial advances facilitated by mobile devices and the Internet increase firm revenues, they ought to be pursued further.

Konstantinos et al., (2016) studied on the introduction of innovative services in a state-owned airline in Australia. The study collected qualitative data on the uptake of financial innovations such electronic ticketing, electronic payments, and electronic refunds using interview schedules. The qualitative data analysis revealed that airlines with robust financial innovations saved on manual operations costs. However, the study was based on interviews schedules only without use of secondary data which is assumed to be more valid, reliable and robust in financial analysis.

However, Gopalakrishnan's (2013) research discovered an inverse causality between payment technology and economic success. That is to say, considering the greater propensity of higher performing firms to innovate and devote resources to innovation, there is evidence of a paradoxical or circular relationship between payment innovation and corporate success. Because of this, there is not only a direct but also an indirect relationship between the development of new payment methods and the growth of enterprises. Companies with high turnover, as seen by rapid revenue expansion, often invest more creatively than average in hardware and software used in information and communication technologies.

2.4.2 Financial Risk Management Strategies and performance

In his study titled "Risk Management in Savings and Credit Cooperatives," Nara (2012) observed that Nepalese SACCOs lacked a comprehensive risk management system, making it difficult for them to identify, monitor, and control collective risk.

This was because the SACCOs did not have enough measures in place to deal with potential threats. Some SACCOs have suffered devastating losses due to lax risk management, which was formerly carried out by means of an audit committee and an internal audit system. He continued by saying that external audit's impact on risk management is modest, and that certain SACCOs have had serious delinquency issues due to poor oversight of their finances. He stated this in the belief that external auditing has little effect on risk management.

Murugu (2012) investigated how the performance of SACCOs in Kenya was affected by their risk management strategies. Based on the results of a case study on SACCOs in Nairobi, these organizations have relied too much on certain credit risk strategies that are not adequate to guard against loan losses in a dynamic and competitive environment. Secondly, most SACCOs lack efficient credit risk monitoring and management systems, which causes a delay in the identification and assessment of non-performing and defaulted loans. Thirdly, it is clear that most SACCOs do not have the governance tools required to ensure that the described credit risk guidelines are strictly followed.

Two case studies of Financial Risk management application by US government entities were conducted globally by Buttimer (2001). He learned that the first company had implemented an effective financial risk management strategy, and that it was crucial to have both internal and external backing for such a strategy. He came to the conclusion that governments should use prudence when utilizing derivatives and that they may have a direct or indirect impact on financial risk based on his examination of the second case study. Fatemi and Glaum examined risk management practices in German companies (2001). Researchers found that the majority of responding companies combined their authority and responsibility for risk management.

According to data from Bodnar, Matson, and Hayt (1998), a small percentage of CEOs in American companies are in charge of risk management.

A case study on two Swedish companies, SKF and Elof Hanson, was carried out by Brucaite and Yan (2000), with particular reference to the financial risk management of the two companies. It was discovered that SKF primarily used forwards as exposure hedging tools, with the subsidiaries bearing no exchange risk and the treasury department managing all facets of financial exposure management. SKF unified its approach to managing foreign currency risk across all of its Swedish operations, using futures as its primary tool for hedging exposure. The business did not prioritize hedging against translation risk. A second noteworthy finding was that the two businesses placed a premium on transactional risk. Doldel (1993) discovered that 85 percent of companies responding to his broad study employed derivatives to control financial risk. Close to 90% of responding businesses said that their outlook had some bearing on how much they hedged. The majority of the businesses polled placed a premium on transactional experiences when it came to risk management. He also learned that big corporations are more likely to employ derivatives than small ones. According to Crabb (2003), the use of derivatives is positively correlated with the size of the company, as demonstrated by the findings of Bailley et al. (2003), Gay et al. (1998), Cecsy et al. (1997), Graham and Rogers (2002), and Nance et al. (1993).

Many businesses who use ERM report increased informational efficiency, reinforced strategic positioning within their sector, and a more positive company culture as a result. According to Nocco and Stultz (2006), ERM adds value because it allows managers to quantify and optimize risk, allowing the company to select the most optimal operating strategy. Furthermore, ERM assists in aligning risk within a company's culture and incentivizes employees to make decisions consistent with this

risk culture. Corporate risk management is analyzed by Mackay and Moeller (2007) to determine its worth to businesses. When risk variables are not linearly connected to revenues and expenses, they discover that corporate risk management may lead to a rise in company value, which contradicts most earlier work.

According to Zada (2021) after the risks have been measured, there are a variety of methods that may be used in order to effectively manage the risks. These include of transferring risk, taking it on, removing it, decreasing it, and/or segmenting it into several levels for additional research. Another one of them is taking chances (Hallikas et al., 2004). A system of classification for a company's mitigation strategies was developed by Rice and Caniato (2003), taking into account the potential types of failure. Zsidisin et al. (2005) conducted an investigation of the methods that businesses used and the reasons why they did so in order to devise risk management strategies for their companies. Zsidisin and Smith (2005) carried out case study research with the primary objective of minimizing risk via early supplier participation. Johnson (2001) provided a number of solutions to the problems that may arise as a result of playing with toys. The reduction of business risk was accomplished by Faisal et al. (2007) by the use of graph theory and matrix approaches. To sum up, Nagurney et al. (2005) used a procedure known as multi-criteria decision-making to manage the risk for distributors as well as manufacturers.

2.4.3 Debt restructuring and Performance

Jiang, Liu, and Yang (2019) empirically examined the causal relationship between debt restructuring and corporate investment using panel data of Chinese publicly-traded businesses from 2005 to 2016 and the propensity matching score with difference-in-difference (PSM-DID) technique. Research shows that different

industries, different forms of property rights, different payment procedures and quantities, and different aspects of the debt renegotiation process all have different impacts on a company's investment decisions after a debt restructuring. Our research revealed that state-owned organizations (SOEs), businesses operating in sectors with excess capacity, and debt-restructuring firms that settle debts with assets benefited most from the debt-restructuring process when it came to the development of investing knowledge. When the total amount of debt that is being restructured is significant, this has the effect of significantly increasing overinvestment. In situations when shareholders have more leverage than debtholders during debt renegotiation, underinvestment may be greatly reduced by restructuring debt. Reducing the difficulties in renegotiating debt might make underinvestment worse and help curb overinvestment at the same time. Implications for policymakers and corporate decision-makers striving to improve debt governance and the efficiency of capital investments are discussed, and our knowledge of the reasons for debt restructuring is deepened.

The goal of Gupta's (2017) research was to learn about CDR and how it works for Indian businesses. The author has selected six businesses that have participated in CDR and analyzed their financial results for the three years before to their participation and for the three years after their participation. The effectiveness of a collection of ten financial parameters as indicators of financial success is assessed. The liquidity, profitability, and solvency situations of the firm are measured using these ratios, and other ratios are used to assess the operational efficiency of the companies. These ratios are taken into account when determining the company's overall efficiency. The t-test was chosen as the methodology for this particular investigation. Findings suggest that CDR does not automatically result in better organizational performance when it is

done. Both the mentality of the companies themselves when they undergo CDR and external factors may be to blame for this. Following the CDR, improvements were observed in the debt-to-equity ratio, current ratio, and interest coverage ratio. This strengthens the case for corporate debt restructuring, which is implemented to improve a company's ability to meet its financial obligations. An improvement in the firms' ability to meet their debt obligations is shown by increases in the solvency and liquidity ratios. When assessing how a company's performance has changed following the implementation of its turnaround strategy, the author contends that time is crucial.

Permana and Adrianto's (2020) study set out to examine how PT XYZ's debt-to-equity exchange program affected the financial sector performance of the company. The analysis was conducted using data that was gathered between 2012 and 2018. The main variables in this analysis are profitability quotients, activity ratios, and liquidity ratios; the control variables are time interest earnings. The method of analysis is multiple regression analysis. Contrary to the null hypothesis, it was demonstrated that debt restructuring, as determined by the debt-to-equity ratio, had no effect on PT XYZ's corporate liquidity but had a considerable impact on profitability and activity ratios.

Determining if the CDR system actually boosts firm earnings was the aim of Kaur and Srivastava's (2017) investigation. 91 distinct businesses who were successful in using the method to restructure their debts were included in the sample pool between 2003 and 2015. We used the Wilcoxon sign rank test to compare the post-restructuring performances of the firms to those of the companies before and after the restructuring, as well as to the performances of the companies in the same industry. Performance indicators include the interest coverage ratio and the working margin, which is calculated as EBDITA divided by total income. It was shown that the sample firms'

overall performance was substantially poorer than that of their industry counterparts even five years following debt restructuring.

The higher asset turnover attests to the validity of Sutarja dan Cholid's (2019) claim that a debt restructuring program that involves a debt-to-equity exchange may boost a company's efficacy and efficiency. Similarly, Pondera and Mikael (2019) found that corporate debt restructuring led to more effective use of financial assets and resources. Constrained by efficacy, asset usage improves, leading to higher asset turnover. In addition, the quick ratio and the current ratio, along with other business liquidity metrics discovered by Faruq et al. (2018), exhibit a favourable link with debt-to-equity swap. As demonstrated by Rudiana and Venusita (2017), debt restructuring also has a good impact on the company's profitability, efficiency ratio, and liquidity situation. According to Iskandar et al. (2017), debt restructuring can be used as a tool for assessing companies; in this instance, the company's debt-to-equity exchange boosted performance and gave it the opportunity to carry on with business for an additional time. Researchers would like to explore the effects of debt restructuring through debt-to-equity swaps to promote the expansion of the company's financial performance as measured by profits, activity ratios, and the firm's liquidity position. This interest stems from the description of the research phenomenon and several prior research findings.

Karanja (2015) set out to find out how a restructuring plan affected output. The study examined how the bank's performance was impacted by restructuring its organizational structure using a case study methodology. Using the guide, fifteen Kenya Commercial Bank employees—directors, managers, and department heads—were interviewed. A content analysis was carried out to examine the data acquired. It has been demonstrated that portfolio restructuring increases banks' returns on equity and assets while also enhancing internal efficiency, lowering risk losses, and bolstering

decision-making. According to the findings, Kenya Commercial Bank has implemented a number of restructuring measures, including personnel reductions, debt restructuring, and changes to the bank's investment portfolio and financing. Restructuring made it easier to keep track of loans, which contributed to a lower default rate, and the merger of S&L and KCB Bank increased mortgage borrowing and, in turn, bank returns on assets, according to the study's findings.

Azman and Muthalib (2004) investigated the relationship between corporate debt restructuring strategies and the capital structure and profitability of Malaysian companies using the t-test, the Wilcoxon matched pairs signed rank test, and the effect size test. Findings showed that although the strategy significantly increased profitability for the businesses analyzed, it had no effect on their capital structures. Rastogi and Mazumdar (2016) looked examined how news of a company's entry into the CDR process affects the price of its stock, which is a proxy for the value of its shareholders' stake in the business. The study's results suggest that equity investors benefit from the news of a debt restructuring, since the disclosure is seen as a precursor to future gains in the stock price. Given that CDR is designed to be beneficial not just to the lender but also to the borrower, it would be fascinating to see the effect that the mechanism has had on banks that take part in it. Mallick (2015) conducted research that investigated the efficiency of the CDR mechanism from the standpoint of lenders. By measuring market power and its interacting impact with CDR on bank stability using a stochastic frontier technique, we demonstrate that participation in the program greatly boosts the stability of the participating banks. When applied to the challenge of measuring the effect of market power in combination with CDR on bank stability, stochastic frontier analysis provides the relevant information.

2.4.4Organizational Culture and Performance

The study conducted by Thumbi, Hannah, and Rosemarie (2021) aimed to investigate the potential moderating effect of corporate culture on the relationship between employee performance and the adoption of new technology. A self-administered questionnaire was used to collect data for the correlation study from 225 respondents representing 75 various types of Kenyan hospitality businesses. The practical models were constructed and the data assessed using multiple regression analysis. Worker productivity and technological adoption were shown to have a moderate relationship, although organizational culture had a significant role in mediating this relationship.

The purpose of Alneyadi, Al-Shibami, Ameen, and Bhaumik's (2019) study was to evaluate how corporate culture affects the performance and implementation of strategies by public sector employees. This study analyzed 307 completed surveys using the Partial Least Squares (PLS) modelling technique to assess the proposed model. The results indicated that the independent variable had a strong predictive power over human capital and that organizational culture significantly moderated the relationship between worker performance and plan execution.

Research by Alharbi (2012) at Saudi public hospitals looked at how job structure influenced employee output. The research also looked at how corporate culture might act as a moderator between the two variables. Measurable research design was used to gather, test, and analyze data, hypotheses, and findings. This study's researchers employed a cross-sectional survey methodology. Out of 182 Saudi Arabian public hospitals, only 140 completed the survey, resulting in a 77% response rate. The study comes to the conclusion that productivity and work design have a strong beneficial

association. Furthermore, the results showed that company culture moderates the connection between job structure and productivity.

Organizational culture played a major influence in the results of Mugaa, Guyo, and Odhiambo's (2018) study on the relationship between financial technology innovation and performance at large Commercial Banks in Nairobi City County, Kenya. Descriptive research methodology was used in this investigation. It was decided that the sample would consist of 22,856 workers from the six chosen Commercial Banks in Nairobi City County, representing both lower and upper-level management. We selected 377 individuals to interview in-depth after looking over Krejcie and Morgan's sample size determination table. Both closed- and open-ended questions from structured questionnaires were used to gather primary data. The authors of the study demonstrated that organizational culture was a significant mediator between technological innovation and company performance.

Wekesa (2017) set out to investigate how organizational culture functionsed as a mediator between strategy execution and performance. This investigation employed a causal research design. The sample size, which came out to be 99 out of a possible 130, was determined using the Yamane computations. Random sampling was used as a sample approach to choose the survey respondents. Information was gathered through the use of questionnaires. Research demonstrated that the inclusion of organizational culture as a moderator had a detrimental impact on performance when a strategy was implemented.

Mande, Awiti, and Ng'ong'a (2019) looked into organizational culture to see if it has a moderating effect on the relationship between strategy execution and worker performance at Western Kenyan public universities. Two research methods were a

correlational analysis and a descriptive survey. The target audience was determined to include 120 department chairs from public institutions in Western Kenya. A survey was distributed to all department heads in order to collect primary data. We discovered that a major factor impacting the relationship between strategy execution and employee production was organizational culture.

2.5 Summary of the chapter and Gaps

The theoretical frameworks, conceptual review, and empirical review are presented in this chapter. Four theories will be found to be helpful in directing the study in accordance with the general purpose and the study's specific objectives under the theoretical framework. Innovation Diffusion Theories to look into the impact of technical innovation, risk management theory for financial risk management techniques, Burke-Litwin theory for debt restructuring, and institutional theory for the moderating effect of organizational culture.

The chapter also presented conceptual review which presents various concepts that will be used in study in relation to study variables. The variables include technological innovation and how it will be measured in this study and various studies that have used it. Similar presentations have been done for equity financing, financial risk management strategies, organizational culture and performance of an organization.

By providing data on the impact of debt restructuring, technological innovation, financial risk management techniques, and the moderating influence of organizational culture on the performance of commercial banks in Kisumu, Kenya, this study supports the empirical poetry. This study adds to the body of literature by providing a thorough review of commercial banks, particularly those in emerging nations. The study will attenuate the influence of organizational culture in relation to Strategic Financial

Management and Performance, as well as increase estimation precision by minimizing heterogeneity among commercial banks.

In regard to empirical review, the presentations have been done in regard to specific study objectives resulting to exposing of gaps. There have been inconsistences for example Kebewar (2012) failed to indicate of organizational culture has significant moderating influence of debt restructuring and profitability. This was also supported by Fatoki (2018) in Nigerian Stock Exchange as compared to Mutende, Mwangi et al (2017) who found negative effect of organizational culture as a mediator variable of non-listed firms in NSE. However, not much is known about how organizational culture modifies the association between Kenyan commercial banks' performance and strategic financial management.

According to Saad et al. (2015), there is little correlation between debt restructuring funding and business success and strategic financial management. The study conducted by Ashraf, Ameen, and Shahzadi (2017) shown that there is negligible link between financing strategy and ROE (return on equity) and return on asset. Syed et al. (2015), however, found that although Tobin Q had a positive coefficient with technical innovation, financing approach had an unfavorable effect on ROA. Financial risk management solutions have also been reported to yield similar mixed results. The impact of strategic financial management, with organizational culture acting as a moderator, on the performance of commercial banks with relation to debt restructuring, technological innovation, and financial risk management techniques is, nevertheless, little understood.

Musila (2015) argues that companies in the energy and petroleum sectors listed on the NSE should prioritize strategic financial management and financial performance.

Achieng, Muturi, and Wanjare (2018) examine the effect of strategic financial management on the performance of non-financial NSE-listed companies. The relationship between debt financing and the financial sector performance of listed Kenyan manufacturing businesses was examined by the authors Karuma, Ndamiri, and Oluoch (2018). Strategic financial management has been shown to improve the performance of publicly traded companies, but its impact on the bottom line for non-public financial institutions like commercial banks in Kenya is less well understood.

Table 2.1 Research Gaps

Author	Title	Findings/methods	Gaps
Kebewar 2012	The effect of debt on corporate profitability evidence from French service sector	Finding: Debt has no impact on profitability Irrespectiveof the company size. Method: Descriptive Research Design, Secondary data, Generalised method of Momentseconomic technique,Sample of 2240	Recommended another research to be done that extends analysis across different components
Gupta (2016)	Corporate Debt Restructuring and its Impact on performance	Finding: Corportae Restructuring improves performance of the organization. Method:T-test method	There is methodological gap. Further study to be done using other method causal research design and descriptive research design.
Karanja (2015)	Restructuring Strategy and performance of KCB Bank Limited	Conclusion: The performance of banks is significantly impacted by restructuring initiatives. Method: Case study design, primary data gathering tool was an interview guide, and data analysis was done using content analysis.	Area for further Study: The Impact of Restructuring Strategies on Achieving Competitive Edge and Sustaining Competitive Advantage in a Challenging Market Environment

			The goal is to identify the most important aspects for commercial banks to consider when adopting restructuring plans.
Saad *etal* (2015)	Strategic Financial Management and Business Performance	Finding: Strategic Financial Managementhas significant positive relationship on the business performance Methods: Factor analysis method	The researcher endorses another study to be done on Debt restructuring and be linked to commercial Banks in Kenyan Context.
Musila (2015)	established the connection between the financial performance of companies listed on the NSE that are in the energy and petroleum zone and strategic financial management. .	There is a constructive relation among Strategic Financial Management and the financial performance of the firms in the energy sector. Methods: Descriptive Research Design, targeted all firms listed on NSE between 2005 to 2014 Used secondary data Multiple linear regression	It was suggested that more research be carried out on the effect of Strategic Financial Management on the Performance of non-listed financial institutions in Kisumu, Kenya, such as commercial banks. A new version of the study that employs a unique research approach and takes into account a more extensive time frame is needed.
Ndamiri & Oluoch (2018)	Relationship between debt financing and financial performance of listed manufacturing firms in Kenya	The is a positive relationship between between debt financing and performance of listed manufacturing firms in Kenya Methodology: Survey of 14 manufacturing firms and modelling of structural equations	The study presented knowledge gap. Little in known the influence of Strategic Financial Management on the Performance of non listed financial firms such as commercial banks

		using least square method.	
Claudio, Teresa & Cristina (2013)	Effect of Innovation Output and Firms Performance in Spain	Finding: Technological innovation is an important determinant of firms performance in Spains Manufacturing Firms	The study was done in advanced countries, hence there is need for another study to be carried out in developing countries such as Kenya so as to fill contextual gap
Mbithi *etal*. (2016)	Effect of Technological Innovation Strategy on Performance of Sugar Industry in Kenya.	Technological innovation is a key determinant of performance of sugar industry in Kenya Methodology: Used survey research methodology and used panel data from annual reports about sugar industry	Further study can be carried out using Primary data since this study only used secondary data. The study focused on sugar industry, another study can be done on other sectors such as banking sector.
Orwa,Gakure & Gikunje (2018)	Technology Innovation strategy as a determinant of performance of Tea Industry in Mount Kenya Region	Findings: Technological innovation and strategy implementation have a strong positive relationship with financial performance. Methodology:Mixed method research design Purposive sampling Questionnaires	
Muhindi (2020)	Business strategies,Government policies,innovation processes and performance of Large Manufacturing firms in Kenya.	Findings: Business strategies influences performance of industrial institutions in Kenya. Methodology: Stratified random sampling Questionnaires Cross Sectional survey research design.	It was a cross-sectional study; a longitudinal research design could be used for additional investigations. Further research on additional factors, including corporate culture, business tactics,

		Descriptive statistical analysis.	and the performance of companies in different industries, including banking, is needed.
Karabulut (2015)	Effects of innovation types on performance of manufacturing firms in Turkey	Findings: The higher the level of innovation the higher the financial position. Methods: Survey questionnaire was used Spss was used. Methodologies of factor analysis and regression were used.	Presents a conceptual gap. This contextual gap need to be filled by including Technological innovation.
Njeri (2014)	influence of Risk alleviation strategies on financial performance of industrial institutions in Kenya.	Adoption of proper risk mitigation strategies improves performance of industrial institutions in Kenya Adopted descriptive approach 46 large manufacturing firms in Nairobi Primary data using open and closed ended questionnaires	Knowledge gap could be filled by studying comparison of risk mitigation strategies and their effects on performance of other sector firms

2.6 Conceptual Framework

The term "concept" is used to describe an overarching idea that is derived from more concrete instances. A notion, as contrast to a theory, may be understood without its being spelled out in detail (Kombo & Tromp, 2009). A conceptual framework may be used as a tool that can help the researcher draw conclusions from the data if it is presented in a clear and straightforward way. Agreements are expected to be reviewed, tried, assessed, and modified as part of the plan of action (Smyth, 2004). The

conceptual structure for this study, which illustrates how strategic financial management affects Kenya's commercial banks' overall performance, is shown in Figure 2.1.

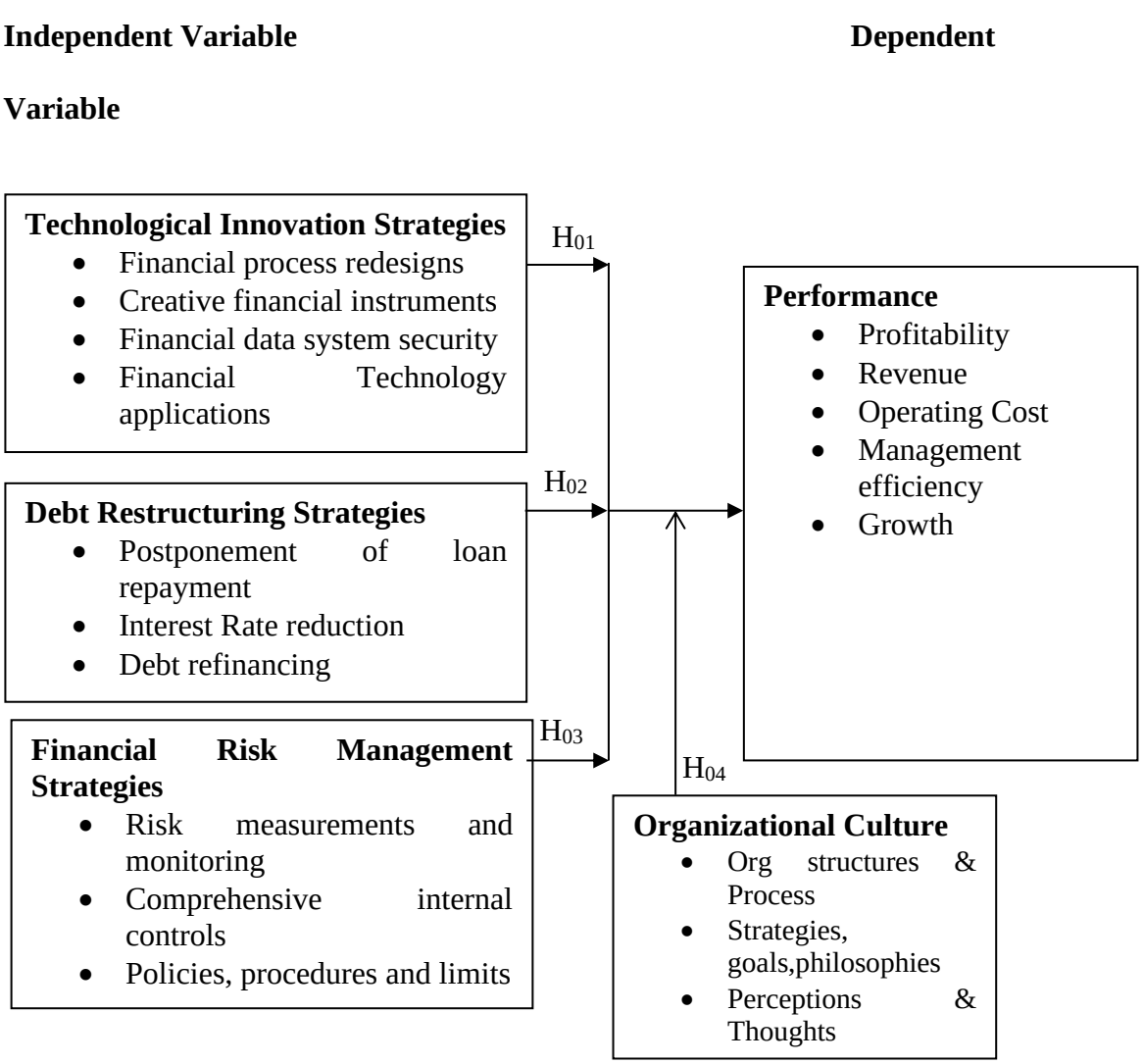


Figure 2.1: Conceptual Framework

Source: Researcher (2022)

Among the independent factors in this study were methods for technological innovation. strategies for managing financial risk and debt restructuring, with organizational performance serving as the dependent variable and organizational culture as the moderating factor. Technological Innovation strategies were

conceptualized as financial process redesigns, creative financial instruments, financial data system security and financial Technology applications implementation (Claudio et al., 2013; Cheng et al., 2017). Debt Restructuring Strategies was conceptualized into postponement of loan repayment, Interest Rate reduction and debt refinancing implementation (Jiang, Liu & Yang, 2019; Permana & Adrianto, 2020). Lastly, financial Risk Management Strategies was conceptualized as risk measurements and monitoring, comprehensive internal controls, policies, procedures and limits as well as management information systems (Brucaite & Yan, 2000; Zsidisin et al., 2005).

The study further introduced moderating variable, in this organizational culture, which was measured using organizational structures and Process, strategies, goals, philosophies and value, perceptions as well as thoughts (Cameron & Quinn, 2011; Shani & Lau, 2008). The moderator was introduced with the intention of determining whether or not this strengthened the relationship between the independent and dependent variables. Financial and non-financial variables were used to quantify performance, an independent variable. Financial measures included profitability, operating cost and revenue while non-financial measures included management efficiency, growth and adaptability (Marinova, Platenga, & Remery 2016; Njeri & Were, 2017).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter covers the research design, the demographic that was supposed to be the study's focus, the data collection method, the data collection instruments, and the study's analytical strategy.

3.2 Research Design

According to Achmias (2005), a research design is the structure that directs a study into a research issue during the phases of data collection, analysis, and observation interpretation. For this investigation, a descriptive survey approach was adopted. The objective is to collect data in order to apply observational scheduling and document analysis to anticipate the relationship between variables. According to Pandey (2015) survey methodology requires standardised information about variables being studied and normally produces quantitative description aspect of the population. In addition, Scarpa (2012) notes that quantitative survey methodology also evaluates and assess how people feel about peoples' perception about policy interventions such as macro prudential regulations. Finding out what circumstances, occurrences, attitudes, or opinions are prevalent within a population is the goal of a survey (Stevenson, 2010).In essence, it describes a population's characteristics; the one that covers the entire population is called a census.

3.3 Study Area

Kisumu County, which is located at 0.0917 ° S and 340.7680 ° E, served as the research location for this study. The city of Kisumu is the most important urban center

in western Kenya and was once the capital of the province of Nyanza. The city of Kisumu is located at an elevation of 11102 meters and has a direct entrance to the Winam Gulf, which leads to the huge expanses of the remainder of Lake Victoria, which has a total area of 68.000 km2. Kisumu County is assisted by Kisumu Airport, which is the third busiest airport in Kenya and acts as a commercial centre with numerous merchants who deal in a variety of goods and services. The number of people living in Kisumu County has increased by a factor of almost two throughout the course of the last twenty years. There are 34 different commercial bank branches located within the county of Kisumu.

3.4 Target Population

A sampling frame, according to Kothari (2004), is a symbolic representation of the entire population from which a sample is taken. A total of 102 managers 34 managers in operations, 34 managers in credit, and 34 managers from the branches of the 34 banks in Kisumu were included in the population for the current study.

These are listed in the Table3.1

Table 3.1: Staff Establishment in Banks

S.No	Bank	Managers
1	Branch Managers	34
2	Operational Managers	34
3	Credit managers	34
	TOTAL	**102**

Source: Kenya Banker Association (2021)

3.5 Sample Scope and Sampling Technique

A sample is a subset of the population that is chosen for research purposes based on the belief that it is representative of the entire population, according to Cooper and Schinder (2007). Numerous approaches for establishing appropriate sample sizes may be found in the aforementioned sampling method literature. That instance, a researcher may count people in a small population, utilize the sample sizes of other related studies, or employ algorithms to determine an appropriate sample size. Assuming the sample adequately reflects the population of interest, and that sufficient power exists to detect the effects of interest (Dillman, 2000). A census of all 34 commercial banks with 102 managers was used.

3.6 Data collection Instruments and Procedures

3.6.1 Types and Sources of Data

Data are considered facts or information when they are assessed and utilized to make inferences or get fresh perspectives (Kothari, 2004). The data used in this study was compiled by consulting both primary and secondary sources. Primary data is the most precise depiction of a phenomenon and is newly gathered information (Kothari, 2007).

According to Dawson (2009), secondary research is the practice of gathering knowledge by drawing upon the findings of the studies of others in the same topic. Secondary data, as defined by Ember & Ember (2009), is information that was gathered by other parties.

3.6.2 Instrumentation

The primary data for the study was gathered via the questionnaire. One type of data gathering instrument is the written questionnaire, where respondents are asked to provide written responses to a set of pre-formulated questions. The respondents are literate; thus, the surveys may be given to them without any help. The survey was concise and well-structured, with the majority of questions based on a likert scale to guarantee consistency in responses and encourage participation. The questionnaire was broken up into five segments, the first of which gathered information on technical advancements, the second on debt restructuring plans, the third on financial risk management techniques, the fourth on company culture, and the fifth on operational effectiveness (See Appendix II).

3.6.3 Data Collection procedures

To gain access to commercial banks, the researcher needed a letter of recommendation from the university before starting the data collection process. Therefore, the researcher, together with two study assistants, dropped off the surveys at the respondents' homes and returned to collect them later. Assistants in the study oversaw the data gathering procedure to guarantee that all questions were answered. Data gathering was tracked using a checklist and folders containing questionnaires organized by commercial bank.

The financial statements were prepared using information gathered from secondary sources, which was made available via the websites of Kenya's Central Bank and banks. It was required that the financial data of the banks be disclosed over a five-year period, starting in 2017 and ending in 2021. The Central Bank of Kenya served as a reliable source of information about Kenya's banking industry since it is the main organization in Kenya tasked with overseeing commercial banks and mortgage finance companies.

3.7Pilot Study

Pilot studies were used to determine the validity and reliability of research instruments. In the county of Kakamega, pilot research was conducted at four distinct commercial banks (Diamond Trust Bank, Family Bank, Bank of Baroda, and Faulu Bank). Pilot research of twelve participants was carried out for this inquiry. It is advised that pilot study involve between 10 and 30 individuals, per the findings of Isaac and Michael (1995). The participants in the pilot research were excluded from the final study population. With the help of the pilot test, the researcher was able to identify badly constructed questionnaire questions. This made it possible for the researcher to remove any doubts, make the questions clearer, and develop new ones with easier coding.

3.7.1 Validity of Research Instrument

The validity of an instrument is the extent to which it yields reliable results for the variables it was intended to measure (Burton and Mazerolle, 2011; Bolliger and Inam, 2012). Construct validity and content validity were used in this experiment to evaluate the validity of the study instrument. By evaluating how effectively the questionnaire mirrored the stated aims of the study, the content validity of the questionnaire was evaluated. This was accomplished by assessing the extent to which the questionnaire

responses mirrored the study's objectives. Expert assessment of the content was made possible by the involvement of supervisors and numerous other experts.

For the purpose of determining the construct validity of this investigation, factor analysis was used. Concept validity refers to the process of determining whether or not the individual components that comprise a construct accurately measure the same underlying phenomenon. A sample adequacy test called the Kaiser-Meyer-Olkin (KMO) test was used to determine the construct validity of the research variables. This allowed the study to decide which issues needed more investigation and for what reason. The Bartlett's Test of Sphericity was utilized to investigate whether or not the samples originate from populations with comparable variances in order to assess the degree of sampling adequacy.

3.7.2 Reliability of Research Instrument

According to Mugenda & Mugenda (2003), the consistency with which a research instrument produces the same or comparable results or data in separate, scientific studies is a measure of its reliability. The reliability analysis was conducted using Cronbach's Alpha. The Cronbach alpha coefficient was used in the statistical SPSS analysis to ascertain the survey's reliability. According to Ahmad, Yussiff & Mustapha (2015), Cronbach's alpha of $\alpha \geq 0.9$ is excellent, $_{S}$is good, $0.6 \leq \alpha < 0.7$ is acceptable, $0.5 \leq \alpha < 0.6$ is poor, and $\alpha < 0.5$ is unacceptable. A high value of alpha, especially one that is more than 0.7, suggested that the instruments used in this investigation were very consistent in their measurements of the variables that were being investigated.

3.8 Data Analysis and Presentation Techniques

Data analysis is the process of examining, sanitizing, modifying, and modelling data in order to highlight pertinent information, establish conclusions, and support decision-making. Finding errors and omissions in the obtained raw data and making the required corrections were all part of editing the data. The information was then coded by assigning a numeric value to each answer in order to classify it into a predetermined set of groups. In order to do statistical analysis on quantitative data, version 26 of the SPSS program was used.

3.8.1 Descriptive statistics

The major objective here was to display the trend line of the information. In addition to percentages and frequency distributions, the study included descriptive statistics like measures of central tendency and measures of variability like mean and S.D. to reach its conclusions. Tables, charts, figures, and models were used to present this data.

3.8.2 Inferential statistics

Null hypotheses were tested using a variety of inferential statistical methods, including correlation and regression analysis. For the purposes of these studies, it was determined that a threshold of statistical significance of 5% would be sufficient. To assess the validity of the questionnaires, a factor analysis was also carried out as part of the study.

3.8.2.1Correlation Analysis

The Pearson Correlation Coefficient, or Pearson r, can be used to examine the relationship between two variables (Jahangir & Begum, 2008). According to Mugenda

& Mugenda (2008), Pearson r expresses the magnitude and direction of a linear relationship between two variables. In the eyes of Ngumi et al. (2013), a correlation is considered to be statistically significant when the p-value is less than 0.05.

3.8.2.2 Regression Analysis

Studying the correlations between multiple independent variables and one dependent variable can be done statistically with regression analysis (Lind, 2008). Regression analysis was used to look into the impact of changing the independent variables on the dependent variable. The B statistic was utilized to ascertain the significance of each predictor, and the matching P value (0.05) was used to decide whether the null hypothesis was accepted or rejected. Both simple multiple regression and a more involved model termed hierarchical multiple regression were a part of the research.

A model of standard multiple regression was employed to measure how strategic financial management affects performance. This includes linear regression in its simplest form as well as multiple linear regressions. The regression models are displayed below.

$Y = \alpha + \beta_1 X_1 + \varepsilon$

$Y = \alpha + \beta_2 X_2 + \varepsilon$

$Y = \alpha + \beta_3 X_3 + \varepsilon$

$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$

Where:

Y =Performance

α = Determines the level of fitted lines

β_1, β_2 and β_3 = Slopes of X_1, X_2, X_3

X_1=Technological innovation

X_2=Debt restructuring strategy

X_3=Financial risk management strategies

ε = Error term

The Hierarchical Multiple Regression Technique was employed to investigate if size influences the relationship between strategic financial management and performance in a moderating manner. A moderating influence exists if the interaction effect is demonstrated in the model to be significant. Along with the change in F and the change in R square, the researchers also wanted to know what the significance level was.

Hierarchical regression analysis was used to assess the moderating impact, and the resulting model was:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 Z + \beta_5 X_1 Z + \beta_6 X_2 Z + \beta_7 X_3 Z + \varepsilon$$

Where:

Y =Performance

Z=Organizational culture

α = Determines the level of fitted lines

β_1, β_2 and β_3 = Slopes of X_1Z, X_2Z, X_3Z

X_1 Z =Technological innovationinteraction Organizational culture

X_2 Z =Debt restructuring strategy interaction Organizational culture

X_3 Z=Financial risk management strategies interaction Organizational culture

ε = Error term

3.8.3 Diagnostic Tests

Prior to doing inferential statistics, diagnostic studies were conducted to assess the multiple regression analyses and Pearson correlation assumptions.

Multi-collinearity: Multi-collinearity is the term used to describe the existence of a link between several independent elements. Since this threshold indicates the presence of multicollinearity, multicollinearity is present when there is a significant degree of correlation between the independent variables (r=0.9 or above). The sensitivity of this to the results of multiple regressions is rather strong (Bryman & Cramer, 2014). The Variance inflation factor and the tolerance level were utilized to confirm multicollinearity. It is acceptable to have a VIF that is less than 10, as well as a tolerance level that is more than 0.1

Normality:

Assuming normality is a prerequisite for many parametric tests. For a test to be considered normally distributed, its distribution must have a 0 mean, a 1 S.D, and a symmetric bell-shaped curve (Garson, 2012). A normal Q-Q plot can be used to visually assess normalcy and identify deviations from the line of fit, according to Ghasemi and Zahedias (2012).

Linearity

A linear relationship between the independent and dependent variables is a prerequisite for performing linear regression. Because of how much their presence may skew the results, it is especially crucial to search for outliers in linear regression data. A Pearson Correlation Analysis was run at a 0.05 level of significance to check for linearity (Chatterjee & Hadi, 2015).

Homoscedasticity: The homoscedasticity assumption, which states that data are homoscedastic when the variance of the dependent variable is the same for all

observations, is very important to linear regression models (Xu, Xiong, Huang & Yao, 2014). This assumption was examined by drawing a probability - probability plot (P-P Plot) and looking at how far the points were from a straight line.

Independence: Autocorrelation may need to be very low or non-existent in order for linear regression to be used to evaluate data correctly. Autocorrelation is a statistical phenomenon that arises when the residuals are not entirely independent of each other. The Durbin-Watson test was used to determine whether the two variables were independent of one another. When the Durbin-Watson factors are between (1.5) and (2.5), there is no sign of an autocorrelation problem (Malau, 2018).

3.8.4 Hypothesis testing

The following set of assumptions was used to test the four hypotheses:

Table 3.2: Hypothesis testing

	Hypothesis Statement	Hypothesis Testing	Model
i	**H_{01}**:There is no significant influence of technological inventionPerformance of commercial banks in Kisumu Kenya.	H_{01}: $\beta_1 = 0$ H_{0A}: $\beta_1 \neq 0$ Reject H_{01} if $\beta_1 \neq 0$ and P value $\leq$ 0.05 otherwise fail toreject H_{01} if $\beta_1 = 0$ and P value $> \alpha$ $\alpha = 0.05$	$Y = \beta_0 + \beta_1 X_1 + \varepsilon$
ii	H_{02}:There is no importantinfluence of debt restructuring strategyPerformance of commercial banks in Kisumu Kenya	H_{02} : $\beta_2 = 0$ H_{0A} : $\beta_2 \neq 0$ Reject H_{02} if $\beta_2 \neq$ and P value $\leq$ 0.05 otherwise fail to reject H_{02} if $\beta_2 = 0$ and P value $> \alpha$ $\alpha = 0.05$	$Y=\beta_0+ \beta_2X_2+\varepsilon$
iii	H_{03}: There is no significant influence of financial risk management strategiesPerformance of commercial banks in Kisumu Kenya	H_{03} : $\beta_3 = 0$ H_{0A} : $\beta_3 \neq 0$ RejectH_{02} if $\beta_3 = 0$ and P value $\leq$ 0.05 otherwise failto rejectH_{03} if $\beta_3 = 0$ andP Value $> \alpha$ $\alpha = 0.05$	$Y=\beta_0+ \beta_3X_3+\varepsilon$
iv	H_{04}:There is no significant moderating effect of organizational culture on the effect of Strategic Financial Management on Performance of commercial banks in Kisumu Kenya	H_{04} : $\beta_4 = 0$ H_{0A} : $\beta_4 \neq 0$ RejectH_{04} if $\beta_4 = 0$ and P value $\leq$ 0.05 otherwise failto rejectH_{04} if $\beta_4 = 0$ andP Value $> \alpha$ $\alpha = 0.05$	$Y=\beta_0+\beta_1 X_1 Z +\beta_2X_2 Z +\beta_3X_3 Z + \varepsilon$

Source: Author (2019)

3.9 Observation of Ethical Standards in the Study

The study was conducted in a way that complied with the established ethical standards, which are extremely important when using human subjects in research. These ethical considerations allowed us to maintain a high standard of professionalism throughout the investigation. Every participant in the study had their right to privacy and dignity

upheld at every stage. At all times, the privacy and dignity of the people from whom the personal data was collected were respected. Prior consent was obtained from the participants to engage them in the study. There was never a time when a research subject was not approached beforehand to request their participation in the study. A research authorization was obtained from NACOSTI, and the relevant committees, authorities, and individuals were contacted in order to carry out this study. Before consenting to engage in research, a subject is informed about the goals, methods, and possible benefits of the study.

The research complied with the ethical guidelines provided by the respondents, and all used materials were properly cited to respect intellectual property rights. Every expense was avoided in order to stop scientific misconduct, which includes data collection errors, fabrication, plagiarism, and false authorship.

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSIONS

4.1 Introduction

This chapter primarily gives the results of the data analysis and then talks about the conclusions drawn from it. Both the results' presentation and their commentaries are contained in this chapter. The data gathered for each research variable was subjected to quantitative analysis in order to ascertain the relationship between each variable and the overall performance of Kenya's commercial banks. The study contained this analysis. Descriptive statistics were produced as a result of this analysis, which helped to establish patterns and relationships and made it easier for the researcher to understand and assess the significance of the study's findings. Descriptive statistics were produced using SPSS and subsequently utilized to draw conclusions and make assumptions about the population that was being studied. Descriptive statistics, like frequencies, percentages, means, and standard deviations, were employed to get a deeper comprehension of the properties of the variables under investigation. Tables and figures were used to display the results that were obtained. The chapter's contents include the following: results of tests for validity and reliability, response rate analysis, background information analysis, descriptive and inferential analysis of study variables, and diagnostic testing.

4.1.1 Response Rate

The research team sent 90 questionnaires to the 30 commercial banks in Kisumu, and 79 of those respondents filled them out. In other words, the researcher was successful in obtaining data from 79 respondents (87.8%), which Champion and Sear (2009)

consider to be a high percentage. According to Champion and Sear (2009), an appropriate response rate is one that is above 49% but does not exceed 59%; a response rate that is above 59% but does not surpass 69% is considered excellent; and a response rate that is over 69% is considered extremely high. A very high rating was given to it since the response rate of 87.8% was higher than the required 69%. Findings indicated that this response rate was adequate for producing credible research results from the intended and sample populations. Both the questionnaire and the correct administration technique (drop and pick) were effectively structured after piloting, which may explain the high response rate. This enhanced the survey's efficacy by enabling it to generate a significant number of responses.

4.1.2 Period of Service

The participants were requested to indicate their years of service in their current position. The results are as indicated in Figure 4.1.

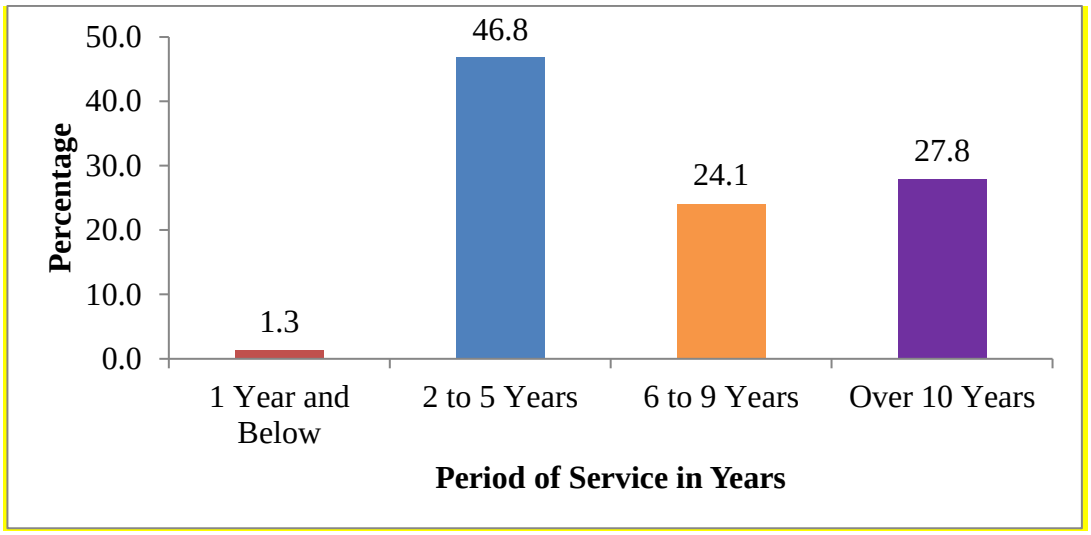


Figure 4. 1: Service period

Source: Research Data 2022

According to Figure 4.1, the findings indicate that 1.3% of the correspondents have held their current position for less than a year, 46.8% have held it for between 2 and 5 years, 24.1% have held it for between 6 and 9 years, and a minority of them, 27.8%, have held it for more than ten years.

4.2 Results on Reliability and Validity Testing

To confirm its validity and guarantee that it would correctly gather the needed data, the questionnaire was put through a series of tests. We conducted the reliability analysis to see how much the research instruments would have agreed with one another (Kimberlin & Winterstein, 2008). Data reliability was assessed by looking at things including where it came from, how it was collected, whether or not there was any bias, and how precise it was. The reliability test was successful in determining the degree to which the findings have remained stable over the course of time. Cronbach's Alpha (α) was calculated as a consequence of the study's reliability analysis, which employed internal consistency as the preferred method. An increase in data dependability is shown when the Cronbach's Alpha (α) value is higher than 0.7. The tool is deemed consistent in this scenario only if the Cronbach's Alpha(α) value is greater than or equal to 0.7; otherwise, the toll is assessed and modified as needed. The recommended threshold of 0.7 was used for this purpose. The results of the reliability tests that were performed are shown in Table 4.1.

Table 4.1: Reliability of Research Instruments

Variable	Number of Items	Cronbach Alpha	Reliable
Technological innovation	7	0.921	Yes
Debt restructuring	7	0.804	Yes
Financial risk management	7	0.734	Yes
Organizational culture	7	0.824	Yes
Performance	4	0.919	Yes
Overall	**32**	**0.840**	**Yes**

Source: Field Data (2022)

Cronbach's alphas varied from 0.734 for financial risk management methods to 0.921 for technological innovation strategies, as shown in Table 4.1. High internal consistency across questionnaire questions; the consistency of the questionnaire was well over 0.7. The instrument was thus not revised after being first adopted.

The purpose of factor analysis, a method of statistical dimension reduction, is to gain insight into the hidden relationships between a group of empirically gathered data. One-dimensionality is a fundamental premise of measurement theory, which states that all parts of a measuring equipment should measure the same thing. For the purpose of investigating correlations, the variables in question must be unidimensional, meaning that all of the underlying data items must measure the same characteristics. Table 4.2 displays the outcomes of the Kaiser-Meyer-Olkin (KMO) test and the Bartlett's test of sphericity that we conducted in addition to the exploratory component analysis. The portion of the variance in the observed items that could be ascribed to their underlying causes was measured using the KMO, a scale with values ranging from 0 to 1. An

extremely low KMO score indicates that factor analysis is not appropriate because of the predicted diffusions in the correlation patterns. This is due to the fact that when compared to the sum of correlations, the total of partial correlation is significant (Tavakol & Dennick, 2011).

Table 4. 2: KMO and Bartlett's Test

Variable	(KMO) Measure of Sampling Adequacy	Bartlett's Test of Sphericity		
		Approx. Chi-Square (X^2)	Degrees of freedom	p-value
i. Technological Innovation	0.853	414.955	21	0.000
ii. Debt Restructuring	0.647	292.110	21	0.000
iii. Financial Risk Management	0.637	134.566	21	0.000
iv. Organizational Culture	0.789	341.418	21	0.000
v. Organizational Performance	0.819	381.466	12	0.000

Source: Field Data (2022)

The KMO value for financial risk was found to be between 0.637 and 0.953, which is a high level that is acceptable and close to 1. In order to find evidence of a statistically significant correlation between the variables of interest, Bartlett's sphericity test is used. Strong evidence of such a relationship exists because the correlation matrix of the indicators is not an identity matrix, which would indicate that there is no relationship between them (Pallant, 2010). With a p-value of 0.000, the Chi-square statistic for the Bartlett's test was found to be between 134.566 and 414.955. A sufficient factor analysis ought to yield a p-value of less than 0.05, signifying a statistically significant correlation between the variables.

In order to reduce the number of factors that obscure the impact of strategic financial management on the performance of commercial banks in Kisumu, Kenya, factor analysis has been employed in this research. There were distinct factor loadings. For explanatory reasons, nevertheless, researchers view a level of 0.4 or 0.5 as strong. Confirmatory factor loading analysis was performed on each construct indicator using SPSS version 21. The outcomes can be found in Appendix V.

A test item with factor loadings larger than 0.4 was deemed preferable for this thesis. As a result, factor loadings for the build factors ranged from 0.611 to 0.932. Additional analysis will make use of this data. According to Tabachnick and Fidell (2007), factors with loadings less than 0.4 ought to be ignored and only those with loadings greater than 0.40 ought to be considered for additional analysis. We therefore did not rule out any possible signs because they were reliable.

4.3 Descriptive Statistics

To create descriptive statistics for the study, a quantitative lens was applied to the data analysis. We were able to make judgments about how the IVs and the DV related to one another by examining these descriptive data. The study evaluated the information in light of the objectives in an effort to identify the relationships among the components. Notably, the inquiries posed to each participant were in line with the objectives of the study. Each survey item (numbered 1–5) was assessed using a five-point Likert scale to gauge respondents' feelings. Divided by 1 and divided by 2: Agree = 4; Neutral = Fairly Agree; Strongly Agree = 5.

4.3.1 Descriptive Statistics for Technological innovation

Participants were asked to rank on a scale of strongly disagree (1) to strongly agree (5) how much they agreed with seven assertions about technological advancement. Table 4.4 provides a summary of these observations.

Table 4.3: Descriptive Statistics for Technological innovation

Technological innovation	5	4	3	2	1	Mean	Std Dev
The bank has embraced electronic platforms that offer improved financial transaction security and privacy, such as electronic cards and mobile money.	16 (20.3)	48 (60.8)	2 (2.5)	10 (12.7)	3 (3.8)	3.8	1.0
My bank is able to out manufacture its rivals and provide a wider variety of goods at a lower cost thanks to the innovative use of technology.	19 (24.1)	33 (41.8)	9 (11.4)	15 (19)	3 (3.8)	3.6	1.2
The bank has implemented varied National payment systems such as SWIFT, Real-Time Gross Settlement to enhance various payment operations locally and globally	25 (31.6)	17 (21.5)	13 (16.5)	16 (20.3)	8 (10.1)	3.4	1.4
There are regular technological financial redesigns to cater for dynamic changes in financial market and arrest competition	24 (30.4)	36 (45.6)	8 (10.1)	9 (11.4)	2 (2.5)	3.9	1.0
The bank's investing, loaning, and underwriting choices benefit from technological advancements including artificial intelligence systems' data analysis, computation, and prediction capabilities.	27 (34.2)	33 (41.8)	7 (8.9)	6 (7.6)	6 (7.6)	3.9	1.2
The bank's commitment to operational excellence is reflected in its dedication to the design, implementation, and management of cutting-edge information systems and networks.	15 (19)	27 (34.2)	16 (20.3)	10 (12.7)	11 (13.9)	3.3	1.3
The adoption of technology has resulted in the creation of new financial services and goods, new roles, and new alliances.	25 (31.6)	27 (34.2)	5 (6.3)	11 (13.9)	11 (13.9)	3.56	1.4

Basis: Field Data (2022)

Table 4.4, 20.3% (16) of the respondents strongly agreed that the bank has adopted electronic platforms such as mobile money, electronic cards with enhanced financial transaction security and privacy, while 60.8% (48) agreed, 2.5% (2) fairly agreed, 12.7%(10) disagree 3.8% (3) strongly disagreed on the same note an average of 3.8 and a S.D of 1.0 shows a significant deviation from the majority of respondents who agreed. Similarly, 24.1% (19) of the respondents strongly agreed that My bank is able to out manufacture its rivals and provide a wider variety of goods at a lower cost thanks to the innovative use of technology, while 41% (33) agreed, 11.4% (9) fairly agreed, 19% (45) disagree 3.8% (3) strongly disagreed on the same declaration. An average of 3.6 and a S.D of 1.2 illustrates that there was significant deviation from most correspondents who agreed.

Additionally, while 21.5% (17) agreed, 16.5% (13) reasonably agreed, and 20.3% (16) disagreed, 31.6% (25) of the correspondents strongly agreed that the bank implemented a variety of national payment systems, such as SWIFT and Real-Time Gross Settlement. 8.1% of respondents strongly disagreed with the same statement. A mean of 3.4 and a standard deviation of 1.4 indicate a notable deviation from the majority of respondents who expressed fair agreement. To address the dynamic changes in the financial market, however, 30.4% (24) of the respondents firmly agreed that regular technological financial redesigns are necessary. In contrast, 45.6% (36) agreed, 10.1% (8) fairly agreed, and 11.4 (9) disagreed. 2.5% (2) disagreed with the same statement strongly. A mean score of 3.9 and a standard deviation of 1.0 indicated a notable deviation from the majority of respondents who expressed agreement.

Furthermore, while 41.8% (33) agreed, 8.9% (7) fairly agreed, and 7.6 (6) disagreed, 34.2% (27) of the respondents strongly agreed that technological innovation, such as artificial intelligence systems, helps the bank in analysing large amounts of data,

performing calculations, and having prediction capabilities helps the bank in investment, lending, and underwriting decisions. 7.6% (6) vehemently disagreed with the same statement. A significant departure from the majority of respondents who agreed was indicated by an average score of 3.9 and a standard deviation of 1.2. On the other hand, 34.2% (27) agreed, 20.3% (16) fairly agreed, 12.7 (10) disagree, and 13.9% (11) strongly disagreed with the assertion that the banks continuously develop, deploy, and manage competitive information systems and networks to enhance operational excellence. These correspondents were joined in their steadfast agreement by 19% (15) of them. There was a notable divergence from the majority of respondents who fairly agreed, as seen by the mean of 3.3 and a S.D. of 1.3.

Finally, while 34.2% (27) agreed, 6.3% (5) fairly agreed, and 13.9 (11) disagreed, 31.6% (25) of the correspondents firmly agreed that the adoption of technology has resulted in the emergence of new financial services and goods, new jobs, and the formation of new alliances. 11.3%, or 13.9%, strongly disagreed with the same statement. The majority of respondents agreed, however there was a large variance from this majority, as demonstrated by an average of 3.56 and a S.D. of 1.4.

4.3.2 Descriptive statistics for Debt restructuring

The research performed a quantitative analysis on the collected data in order to provide descriptive statistics. On the basis of these descriptive data, inferences and generalizations were drawn on the connection between the debt restructuring and the performance. The respondents were shown seven statements and asked to rate how much they agreed or disagreed with each on a scale of strongly disagree (1) to strongly agree (5). Table 4.5 displays the results.

Table 4.4: Descriptive statistics for Debt restructuring

Debt Restructuring Strategy	5	4	3	2	1	Mean	Std Dev
Borrowers are allowed to refinance their existing debt to lower their interest rates	24 (30.4)	32 (40.5)	11 (13.9)	9 (11.4)	3 (3.8)	3.8	1.1
The borrower's monthly payments may be lowered by extending the loan's maturity date.	30 (38)	21 (26.6)	11 (13.9)	13 (16.5)	4 (5.1)	3.8	1.3
For a limited time, borrowers may choose to make interest-only payments.	14 (17.7)	25 (31.6)	4 (5.1)	27 (34.2)	9 (11.4)	3.1	1.4
Borrowers with good repayment records might undergo debt restructuring, which entails either the consolidation of their loans or the extraction of some of their equity.	28 (35.4)	31 (39.2)	7 (8.9)	7 (8.9)	6 (7.6)	3.9	1.2
So long as the bank is aware of the loan's continued repayment plan, it is likely to make reasonable modifications to the loan's conditions in order to better accommodate the customer's capacity to repay.	9 (11.4)	22 (27.8)	16 (20.3)	24 (30.4)	8 (10.1)	3.0	1.2
Financial strain may be alleviated by debt restructuring by the bank's comprehensive examination of the borrower's risk profile.	19 (24.1)	28 (35.4)	13 (16.5)	16 (20.3)	3 (3.8)	3.6	1.2
When restructuring debt, the bank considers the availability of further collateral, personal guarantees, or other safeguards.	18 (22.8)	41 (51.9)	9 (11.4)	8 (10.1)	3 (3.8)	3.80	1.0

Source: Field Data (2022)

From the above 4.5, 30.4% (24) of the correspondents stalwartly agreed that borrowers are allowed to refinance their existing debt to lower their interest rates, while 40.5% (32) agreed, 13.9% (11) fairly agreed, 1.4% (9) disagree 3.8% (3) strongly disagreed on the similar declaration. An average of 3.8 and a S.D of 1.1 implied there was significant deviation from most respondents who agreed. Similarly, 38% (30) of the

respondents strongly agreed, while 26.6% (21) agreed, 13.9% (11) reasonably agreed, and 16.5% (13) disagreed that borrowers may reduce their monthly payments by refinancing their loans with a longer maturity date. 5.1% (4) strongly disagreed with the corresponding statement. An S.D. of 1.3 and an average of 3.8 suggested that there was a substantial divergence from the majority of respondents who agreed.

Moreover, 17.7% (14) of the respondents stalwartly accepted that Borrowers have the option to switch to interest-only payments for a limited time, while 31.6% (25) agreed, 5.1% (4) fairly agreed, 34.2% (27) disagree 11.4% (9) stalwartly disagreed on the similar assertion. An average of 3.1 and a S.D of 1.4 implied that there was significant deviation from most of respondents who fairly agreed. However, 35.4% (28) of the respondents stalwartly agreed that for debtors who can prove they will repay their loans, debt consolidation or equity extractions may be an option, while 39.2% (31) agreed, 8.9% (7) fairly agreed, 8.9% (7) disagree 7.6% (6) strongly disagreed on the same assertion. An average of 3.9 and a S.D of 1.2 implied that there was significant deviation from the majority of respondents who agreed.

Besides, 11.4% (9) of the correspondents stalwartly agreed that As long as the bank is aware of the loan's continued repayment plan, it is likely to make reasonable modifications to the loan's conditions, while 27.8% (22) agreed, 20.3% (16) fairly agreed, 30.4% (24) disagree 10.1% (8) strongly disagreed on the same assertion. An average of 3.0 and a S.D of 1.2 implied that there was significant deviation from the majority of respondents who fairly agreed. However, 24.1 (19) of the correspondents stalwartly agreed that for the purpose of relieving financial pressure, debt restructuring involves the bank conducting a comprehensive examination of the borrower's risk profile, while 35.4% (28) agreed, 16.5% (13) fairly agreed, 20.3% (16) disagree 3.8%

(3) strongly disagreed on the same assertion. An average of 3.6 and a S.D of 1.2 implied that there was significant deviation from most of the respondents who agreed.

Lastly, 22.8 (18) of the respondents strongly agreed that Personal guarantees, supplementary collateral, and other safeguards are taken into account by the bank throughout the debt restructuring process, while 51.9% (41) agreed, 11.4% (9) fairly agreed, 10.1% (8) disagree 3.8% (3) strongly disagreed on the similar assertion. An average of 3.80 and a S.D of 1.1 implied that there was significant deviation from the most correspondents who agreed.

4.3.3 Descriptive statistics for financial risk management

The research performed a quantitative analysis on the collected data in order to provide descriptive statistics. These descriptive data were used to draw conclusions and make generalizations about the relationship between financial risk management and performance. On a scale ranging from "strongly disagree" (1) to "strongly agree" (5), respondents were asked to rate how much they agreed with each of a set of seven statements regarding financial risk management. Table 4.5 presents the data.

Table 4. 5: Descriptive Results for Financial risk management

Financial Risk Management Strategy	5	4	3	2	1	Mean	Std Dev
The bank's top brass effectively revises and disseminates the Board of Directors' financial risk management plan in the form of rules and procedures across the institution.	26 (32.9)	34 (43)	2 (2.5)	11 (13.9)	6 (7.6)	3.8	1.3
The bank has established a framework (infrastructure, procedure, and rules) to handle a variety of financial risks arising from its operations.	4 (5.1)	31 (39.2)	14 (17.7)	25 (31.6)	5 (6.3)	3.1	1.1
The bank has a comprehensive financial risk score framework that applies to all financing activities.	22 (27.8)	42 (53.2)	7 (8.9)	2 (2.5)	6 (7.6)	3.9	1.1
The bank checks worth of the credit portfolio on day-today basis and takes corrective measures as and when any deterioration occurs	24 (30.4)	37 (46.8)	8 (10.1)	7 (8.9)	3 (3.8)	3.9	1.1
The bank has effectively adopted risk diversification strategies to minimize the net effect of financial risk	31 (39.2)	34 (43)	2 (2.5)	6 (7.6)	6 (7.6)	4.0	1.2
The bank has effectively implemented partnership strategy in risk management to enhance sharing of risks as well as sharing of resources.	32 (40.5)	31 (39.2)	5 (6.3)	8 (10.1)	3 (3.8)	4.0	1.1
The financial risk management program is evaluated on an ongoing basis via internal inspections.	34 (43)	25 (31.6)	11 (13.9)	7 (8.9)	2 (2.5)	4.0	1.1

Basis: Field Data (2022)

According to Table 4.6, 32.9 (26) of the correspondents firmly agreed that senior management successfully distributes the Board of Directors' Financial Risk Management Strategy through policies and procedures throughout the bank, with 43% (34) agreeing, 2.5% (2) fairly agreeing, and 13.9% (11) disagreeing. 7.6% (6) strongly disagreed with a related statement. An average of 3.8 and a S.D of 1.3 postulated that there was significant aberration from most of correspondents who agreed. Likewise, 5.1% (4) of the respondents stalwartly decided that financial risks are monitored and

controlled thanks to the bank's operating risk management system (infrastructure, procedure, and rules), while 39.2% (31) agreed, 17.7% (14) fairly agreed, 31.6% (25) disagree 6.3% (5) stalwartly disagreed on the same declaration. An average of 3.1 and a S.D of 1.1 postulated that there was significant aberration from most of correspondents who fairly agreed.

Additionally, a solid agreement was reached by 27.8% (22) of the correspondents on the bank's financial risk rating system for all financing activities. In contrast, 53.2% (42) agreed, 8.9% (7) fairly agreed, and 2.5% (2) disagreed. 7.6% (6) vehemently disagreed with a related statement. An average of 3.9 and a S.D of 1.1 postulated that there was significant aberration from most of respondents who agreed. Likewise, 30.4% (24) of the respondents stalwartly agreed that Value of the bank's credit portfolio is monitored continuously, and corrective action is taken, if necessary, while 46.8% (37) agreed, 10.1% (8) fairly agreed, 8.9% (7) disagree 3.8% (3) strongly disagreed on similar assertion. An average of 3.9 and a S.D of 1.1 postulated that there was significant aberration from most correspondents who agreed.

In addition, 39.2% (31) of the correspondents stalwartly decided that the bank regularly prepares periodic report of financial risks, while 43% (34) agreed, 2.5% (2) fairly agreed, 7.6% (6) disagree 7.6% (6) stalwartly disagreed on the same declaration. An average of 4.0 and a S.D of 1.2 postulated that there was significant deviation from most of correspondents who agreed. In a similar vein, 40.5% (32) of the participants firmly concluded that the bank had thorough training as well as precisely defined processes, guidelines, and duties for handling financial risks; 39.2% (31) concurred, 6.3% (5) agreed fairly, and 10.1% (8) disagreed. 3.8%(3) of respondents strongly disagreed with the same claim. A mean score of 4.0 and a standard deviation of 1.1

suggested a notable deviation from the majority of respondents who expressed agreement.

In conclusion, 43% (34) of the participants firmly determined that internal controls are implemented to evaluate the efficacy of the financial risk management program, while 31.6% (25) agreed, 13.9% (11) fairly agreed, 8.9% (7) disagree 2.7% (2) strongly disagreed on the same assertion. An average of 4.0 and a S.D of 1.1 postulated that there was significant deviation from the majority of respondents who agreed.

4.3.4 Descriptive statistics for organizational culture

Organizational culture was used as a moderating variable in the study. As shown in Table 4.7 below, the correspondent was asked to indicate the degree of agreement with regard to corporate culture, ranging from stalwartly disagree (1) to stalwartly agree (5).

Table 4. 6: Descriptive statistics for Organizational culture

Organizational Culture	5	4	3	2	1	Mean	Std Dev
Our Bank places a great priority on its commitments, common values, and bank standards.	34 (43)	25 (31.6)	12 (15.2)	6 (7.6)	2 (2.5)	4.1	1.1
Banks guarantees clear directives are available to staff regarding their duties and responsibility	34 (43)	32 (40.5)	8 (10.1)	3 (3.8)	2 (2.5)	4.2	0.9
Workers are encouraged to think beyond the box; thus, they are allowed to do whatever it takes to get the work done, regardless of how that varies from the bank's official processes and policies.	31 (39.2)	26 (32.9)	13 (16.5)	6 (7.6)	3 (3.8)	4.0	1.1
We are skilled at looking into the crystal ball and coming up with innovative solutions to fulfil the needs of our customers.	27 (34.2)	31 (39.2)	16 (20.3)	2 (2.5)	3 (3.8)	4.0	1.0
My bank's workers are more invested in their jobs because they feel a feeling of belonging and trust among themselves and their superiors.	23 (29.1)	31 (39.2)	16 (20.3)	5 (6.3)	4 (5.1)	3.8	1.1
Employees respect each other's needs when making decisions in the Bank	19 (24.1)	34 (43)	14 (17.7)	9 (11.4)	3 (3.8)	3.7	1.1
The management is very clear on where they want to take the bank	19 (24.1)	32 (40.5)	16 (20.3)	7 (8.9)	5 (6.3)	3.67	1.1

Basis: Field Data (2022)

Table 4.7 shows that, of the respondents, 43% (34) strongly agreed that our bank places a high priority on its commitments, shared values, and bank standards, while 31.6% (25) agreed, 15.2% (12) fairly agreed, and 7.6% (6) disagreed. 2.5% (2) strongly disagreed with the same statement. An average of 4.1 and a S. D of 1.1 suggested that there was significant aberration from most of respondents who agreed. Similarly, 43% (34) of the respondents stalwartly agreed that the Bank guarantees clear directives are available to staff concerning their tasks and duties, while 40.5% (32) agreed, 10.1%

(8) fairly agreed, 3.8% (3) disagree 2.5% (2) stalwartly disagreed on the same assertion. An average of 4.2 and a S.D of 0.9 suggested that there was significant aberration from most correspondent who agreed.

39.2% (31) of the correspondent firmly agreed that the Bank encourages its employees to think creatively, allowing them to complete tasks regardless of whether they conflict with the organization's formal procedures and policies. 32.9% (26) also agreed, 16.5% (13) fairly agreed, and 7.6% (6) disagreed. 3.8% (3) strongly disagreed with the same statement. An average of 4.0 and a S.D of 1.1 suggested that there was significant aberration from most correspondents who agreed. Likewise, 34.2% (27) of the correspondent strongly agreed that We have a knack for seeing where the market is headed and figuring out how to move with it to fulfill the needs of our customers, while 39.2% (31) agreed, 20.3% (16) fairly agreed, 2.5% (2) disagree 3.8% (3) strongly disagreed on the same assertion. An average of 4.0 and a S.D of 1.0 suggested that there was significant deviation from the majority of respondents who agreed.

Further, 29.1% (23) of the correspondent stalwartly agreed that employees in my bank have a sense of identity and mutual trust which increases their assurance to work, while 39.2% (31) agreed, 20.3% (16) fairly agreed, 6.3% (5) disagree 5.1% (4) strongly disagreed on the same assertion. An average of 3.8 and a S.D of 1.1 suggested that there was significant deviation from the majority of respondents who agreed. Similarly, 24.1% (19) of the respondents strongly agreed that Employees respect each other’s needs when making decisions in the Bank, while 43% (34) agreed, 17.7% (14) fairly agreed, 11.4% (9) disagree 3.8% (3) strongly disagreed on the same assertion. An average of 3.7 and a S.D of 1.1 suggested that there was significant deviation from the majority of respondents who agreed.

Lastly, 24.1% (19) of the correspondent stalwartly agreed that The management is very clear on where they want to take the bank, while 40.5% (32) agreed, 20.3% (16) fairly agreed, 8.9% (7) disagree 6.3% (5) strongly disagreed on similar assertion. An average of 3.67 and a S.D of 1.1 suggested that there was significant aberration from most of respondents who agreed.

4.3.5 Descriptive statistics for Performance

Respondents were asked to rank their level of agreement with the organization's efficacy on a scale from 1 (strongly disagree) to 5 (strongly agree). Table 4.7 presents the results.

Table 4.7: Descriptive statistics for Organizational Performance

Organizational Performance	5	4	3	2	1	Mean	Std Dev
The number of customer complaints have been reducing over the last five years	24 (30.4)	22 (27.8)	16 (20.3)	10 (12.7)	7 (8.9)	3.6	1.3
Banks has increased its market share through opening of new branches over the last five years	14 (17.7)	20 (25.3)	16 (20.3)	19 (24.1)	10 (12.7)	3.1	1.3
3My bank has increased its number of branches across the country.	17 (21.5)	14 (17.7)	18 (22.8)	24 (30.4)	6 (7.6)	3.2	1.3
Management efficiency has increased over the last five years	16 (20.3)	31 (39.2)	18 (22.8)	9 (11.4)	5 (6.3)	3.6	1.1

Source: Field Data (2022)

According to Table 4.7, 30.4% (24) of the correspondents strongly agreed, while 27.8% (22) agreed, 20.3% (16) reasonably agreed, and 12.7% (10) disagreed that there had been fewer consumer complaints during the past five years. 8.9% (7) strongly disagreed with the same statement. An average of 3.6 and a S.D of 1.3 suggested that there was significant aberration from the most of correspondent who agreed. However,

17.7% (14) of the participants strongly concurred that banks had increased their market share over the past five years by opening additional branches; 25.3% (20) agreed, 20.3% (16) fairly agreed, and 24.1% (19) disagreed. 10.%, or 12.7%, strongly disagreed with the same statement. An average of 3.1 and a standard deviation of 1.3 indicated a notable departure from the majority of respondents who expressed a decent amount of agreement.

Moreover, 21.5% (17) of the correspondent stalwartly agreed that their bank has increased its number of branches across the country while 17.7% (14) agreed, 22.8% (18) fairly agreed, 30.4% (24) disagree 7.6% (6) strongly disagreed on similar assertion. With an average of 3.2 and a standard deviation of 1.3, it is evident that there was a notable deviation from the majority of respondents who expressed agreement. Finally, 16.3% of respondents strongly agreed, 39.2% (31) agreed, 22.8% (18) fairly agreed, and 11.4% (24) disagreed that management efficiency has grown during the past five years. 5.3% strongly disagreed with a similar statement. The majority of respondents agreed, although there was a notable deviation from this average, with a S.D. of 1.1 and an average of 3.6.

4.4 Pearson Correlation Analysis

The findings of a Pearson correlation analysis, which quantifies the degree (from -1 to +1) and direction (positive or negative) of a link between two continuous or ratio/scale variables, are shown in Table 4.8.

Table 4. 8: Multiple Correlation Matrix

		TIS	DRS	FRM	OC	OP
TIS: Technological innovation	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	79				
DRS: Debt restructuring	Pearson Correlation	.501**	1			
	Sig. (2-tailed)	.000				
	N	79	79			
FRM: Financial risk management	Pearson Correlation	.617**	.557**	1		
	Sig. (2-tailed)	.000	.000			
	N	79	79	79		
OC: Organizational Culture	Pearson Correlation	.650**	.697**	.686**	1	
	Sig. (2-tailed)	.000	.000	.000		
	N	79	79	79	79	
Performance	Pearson Correlation	.671**	.633**	.804**	.740**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	79	79	79	79	79

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

Source: Field Data (2022)

Technical innovation and output have a statistically significant connection of 0.671 (p value<0.01) at the 99% confidence level (refer to Table 4.8). Thus, increased technology innovation will improve Kenya's commercial banks' efficiency. The findings of Mbithi et al. (2016), who studied the effect of technological innovation strategy on company success in Kenya's sugar industry, are supported by this data. However, Gopalakrishnan's (2013) research discovered an inverse causality between payment innovation and economic success. That is, better performing organizations have a greater tendency to innovate and devote capital to innovation, demonstrating a recursive link between payment innovation and company success.

Similarly, a 0.633** correlation coefficient indicated a positive relationship between debt restructuring and the commercial banks' performance in Kisumu, Kenya. Our results support the findings of Jiang, Liu, and Yang (2019), who found that different property rights, industry kinds, restructuring payment formats and quantities, and debt renegotiation elements affect how debt restructuring affects business investment.

Gupta (2017) found, nonetheless, that debt restructuring does not automatically lead to better business results. Both internal and external factors have contributed to this trend among organizations undertaking debt restructuring.

The two variables (Performance of commercial banks in Kenya) had a positive and statistically significant link, as indicated by the financial risk organization correlation coefficient of 0.804 (P=0.000). Better financial risk management should therefore result in significant productivity increases. These findings are consistent with those of Abu-Rumman (2021), whose goal was to examine how risk management affected Jordanian commercial banks' bottom lines. The study's findings showed a connection between sound financial performance management and credit, market, and liquidity risk management. The three pillars of the risk management framework are risk identification, risk prioritization, and risk quantification. The following phase involves using resources strategically and effectively to lower risk exposure, monitor emerging circumstances for early intervention, and have as much influence as possible over the results of available opportunities. SACCOs have relied heavily on particular credit risk approaches to protect themselves against loan losses in a dynamic and competitive lending market, but a study by Murugu (2012) on the impact of risk management strategies on the performance of SACCOs in Kenya demonstrated that this was insufficient.

Finally, a correlation of 0.740**, p=0.000 between commercial banks in Kenya's organizational culture and their performance is statistically significant. This indicates that enhancing the company's culture would lead to better outcomes. These results support those of AlShehhi, AlZaabi, Alnahhal, Sakhrieh, and Tabash (2021), who found a positive relationship between performance and organizational culture, with the degree of this relationship being directly correlated with workers' job satisfaction.

Furthermore, there is no proof of a performance difference between institutions in the public and private sectors, according to the data. Furthermore, not all of the positive OC structures are used to the same degree. Constructive OC ideals include things like teamwork, goal achievement, and employee commitment and appointment. Furthermore, a highly positive and statistically significant association between organizational culture and performance was discovered by Indiya, Obura, and Mise (2018).

4.6 Diagnostic Test for Linear Regression Analyses

4.6.1 Normality Test

Many statistical methods, such as regression, correlation, analysis of variance, and t-test, are based on the false assumption of a normal or Gaussian distribution, which is commonly found in published research. This assumption must hold for any inference to be credible. When dealing with big samples (<30 or 40), violations of the normalcy assumption often do not result in serious complications (Ghasemi & Zahediasl 2012). Since a result, we may use parametric techniques, as the sampling distribution has a tendency to be normal in big samples (<30 or 40), despite the peculiar structure of the data. Ghasemi and Zahedias (2012) suggest a visual inspection for normalcy. Appendix III's normal Q-Q plots showed that the data were quite close to normal, and that there were no outliers of statistical significance.

4.6.2 Multi-collinearity Test

When three or more variables are significantly correlated, we say that there is multi-collinearity. It becomes more difficult to utilize the coefficient of regression as a gauge of the predictor variables' dependability as multi-collinearity increases (Cooper &

Schindler, 2011). In order to determine whether multi-collinearity existed, variance inflation factors (VIFs) and/or tolerance levels were computed. If the tolerance values are all less than 1 or the VIF is less than 10, multi-collinearity is often not a problem.

Table 4. 9: Collinearity Statistics

Variable	Tolerance	VIF
Technological innovation	.584	1.714
Financial risk management	.650	1.539
Debt restructuring	.537	1.862

Source: Field Data (2022)

The multi-collinearity test findings are displayed in Table 4.9; in this particular inquiry, the tolerance was found to be greater than 0.2, between 0.537 and 0.650; similarly, the VIF was found to be less than the prescribed threshold value of 10, between 1.539 and 1.862. Given that the data set showed no indications of multicollinearity.

6.1.4 Homoscedastic Test ofPerformance

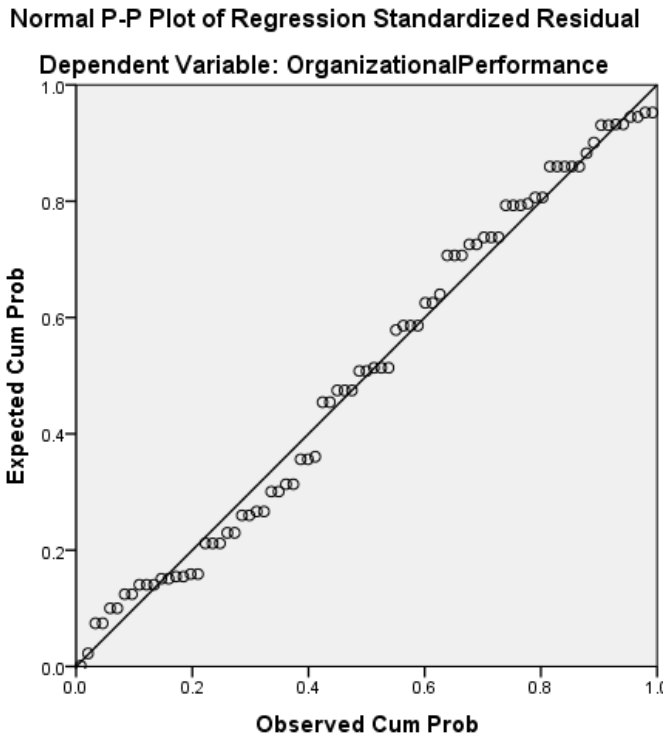


Figure 4. 2: Homoscedastic Test of Performance

Source: Field Data (2022)

Figure 4.2 displays the previous results for the Homoscedasticity test. This test ensures that the variances of the independent variables are the same; if they are not, a heteroscedasticity issue arises (Garson, 2012). Examining the residual variance in a regression model is called a test for homoscedasticity. Data distribution homoscedasticity is shown by the probability versus probability plot (P-P Plot) (Cappelleri & Bushmakin, 2013). Figure 4.1 displays a typical P-P plot of performance, indicating that the points are just slightly off the straight line shown in the middle of the diagram. Since the data used in this study are homoscedastic and were analyzed using a multiple linear regression model, there is therefore no problem with heteroscedasticity.

4.7 Linear Regression Analyses

Regression analysis was done to find out how the independent variables affected the dependent one. R, the correlation coefficient, and R square, the determination coefficient, were determined by the analysis. Also of importance were the p-value, B-coefficient, and F-statistic values. Specifically, the researchers looked at the r (Beta,β) correlation to see whether the theory held water. The null hypothesis in this study is rejected if β is statistically significant; if β is not, the t-statistics show that the investigation is unable to reject the null hypothesis. (Robert; Ayub; Carolyn; 2020).

4.7.1 Influence of Technological innovation on Performance

A regression study was done to find out how Kenya's commercial banks' efficiency was affected by technology advancement. Results are displayed in Table 4.10.

Table 4. 10: Model Summary for Technological innovation

Model	R	R^2	Adj R^2	Std. Error of the Estimate	Change Statistics			
					R^2 Change	F Change	Df	Sig. F Change
1	.671[a]	.451	.443	.77594	.451	63.150	1,77	0.000

a. Predictors: (Constant), Technological Innovation

Source: Field Data (2022)

The relatively positive relationship between technical innovation and performance is demonstrated in Table 4.10 by the R value of 0.671, P=0.000. As a consequence, a rise in technical innovation should lead to improved outcomes. The R square, or coefficient of determination, demonstrates that technical progress accounts for 45.1% of the

variance in performances (R2=0.451, P=0.000). This suggests that technical advancement has a major bearing on the results achieved.

Table 4. 11: ANOVA for Technological innovation

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	38.022	1	38.022	63.150	.000[b]
	Residual	46.360	77	.602		
	Total	84.382	78			

a. Dependent Variable: Organizational Performance

b. Predictors: (Constant), Technological Innovation

Source: Field Data (2022)

With a result of F (1,77) = 63.150, P<0.01, Table 4.11 demonstrates that the F test indicates that the model is a good fit for explaining the variance in the dependent variable. Furthermore, this shows that advancement in technology is a trustworthy measure of performance.

Table 4. 12: Regression Coefficient for Technological innovation

Model	Coefficients			T	Sig.
	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta		
(Constant)	.899	.329		2.736	.008
Technological Innovation	.690	.087	.671	7.947	.000

a. Dependent Variable: Performance

Source: Field Data (2022)

Table 4.12 shows that the unstandardized regression coefficient (β) for technical innovation was 0.690 at a significance level of p<.001. This implied that Performances

would change by 0.690% for every unit movement in technical innovation. Results in Kenya as a consequence of technical advancement were estimated using the following regression equation:

Performance = 0.899+0.690 Technological innovation

The findings show that technological innovation significantly improves the performance of commercial banks in Kisumu, Kenya. This is evident. This means higher performance levels will be attained by commercial banks with greater technological innovation. This provides support for the resource-based hypothesis' central tenet, according to which companies that hold rare and priceless assets are more likely to flourish. In this case, commercial banks are the ones that must have the necessary technological advancements in their infrastructure, hardware, and software. This would ensure that debt restructuring and other resources are used effectively and efficiently. In addition, commercial banks should apply technological innovation as necessary in this scenario. Additionally, commercial banks should deploy technology innovation in areas where it would bring value to the company, which would lead to an improvement in performance. This conclusion is consistent with the findings of Kimani (2015), who discovered a positive correlation between Performance at Population Services Kenya and the level of IT utilization. The results of Mutuku (2018), who showed a significant relationship between Machakos Huduma Center performance and the strategic use of IT resources, are corroborated by this study. The findings of this investigation are in line with those of Mutuku (2018). The findings, however, go counter to those of Rehman, Nor, Taha, and Mahmood (2018), who found that technological innovation had a negligible impact on Malaysian enterprises' performance.

4.7.2 Influence of Debt restructuring on Performance

Debt restructuring's impact on the profitability of Kenya's commercial banks was analysed using a regression model. Table 4.13 displays the outcomes.

Table 4. 13: Model Summary for Debt restructuring

Model	R	R^2	Adj R^2	Std. Error of the Estimate	Change Statistics			
					R^2 Change	F Change	Df	Sig. F Change
1	.633[a]	.401	.393	.81034	.401	51.504	1,77	0.000

a. Predictors: (Constant), Debt Restructuring Strategies

Source: Field Data (2022)

Performance and debt restructuring have a moderately positive relationship, as Table 4.13 demonstrates, with a correlation (R) value of 0.633 and a significance level of P=0.000. As a consequence, better debt restructuring would boost Performances. Restructuring debt accounts for a statistically significant portion (up to 39.3%) of the variance in Performances (R^2=0.393, P=0.000). That's evidence that debt restructuring has a major impact on performance.

Table 4. 14: ANOVA for Debt Restructuring

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	33.820	1	33.820	51.504	.000[b]
	Residual	50.562	77	.657		
	Total	84.382	78			

a. Dependent Variable: Organizational Performance

b. Predictors: (Constant), Debt Restructuring

Source: Field Data (2022)

The results of Table 4.14's F test, which have a value of (1,77) = 51.504, P<0.01, demonstrate how well the model fits the data when it comes to describing changes in Performance. Furthermore, it indicates that debt restructurings are an excellent Performance predictor.

Table 4. 15: Regression Coefficient for Debt restructuring

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.499	.417		1.197	.235
	Debt Restructuring	.821	.114	.633	7.177	.000

a. Dependent Variable: Performance

Source: Field Data (2022)

Table 4.15 shows that debt restructuring has a value of 0.821 for the unstandardized regression coefficient (β) at a significance level of p <.001. Based to the findings, there would be a 0.821 movement in Performances' value for every unit change in the debt

restructuring. As a result, the regression equation that follows was created to calculate the impact of debt restructuring on Kenya's economic performance.

Performance = 0499+0.821 Debt restructuring

The research indicates that debt restructuring and the performance of commercial banks in Kisumu, Kenya, have a statistically significant link. Therefore, the performance of Kenya's commercial banks has benefited greatly from debt restructuring. The results align with Permana and Adrianto's (2020) research indicates that debt restructuring significantly affects profitability and activity ratios when measured by the debt-to-equity ratio, but it has no effect on the corporate liquidity of PT XYZ. The results of Srivastava and Mushtaq (2011) state that "after loan restructurings, there were significant gains in total revenue, profit margin, and return on assets." However, Kaur and Srivastava (2017) made an attempt to evaluate how the CDR system affected company revenues. The investigation's findings demonstrate that, after a debt restructuring, the sample companies' performance lagged below that of their industry competitors for at least five years.

4.7.3 Influence of Financial risk management on Performance

Regression analysis was used to examine how financial risk management affected Kenya's commercial banks' operational effectiveness. Table 4.16 presents the results..

Table 4. 16: Model Summary Financial risk management

Model	R	R^2	Adj R^2	Std. Error of the Estimate	Change Statistics			
					R^2 Change	F Change	Df	Sig. F Change
1	.804[a]	.647	.642	.62211	.647	141.029	1,77	0.000

a. Predictors: (Constant), Financial Risk Management

Source: Field Data (2022)

Table 4.16 indicates a somewhat positive correlation (R=0.804, P=0.000) between financial risk management and performance. As a consequence, better financial risk management should lead to better performance. Coefficient of determination (R square) analyses reveal that financial risk management explains up to 64.7% of the variance in performance (R^2=0.647, P=0.0001). Consequently, it is evident that performance is significantly impacted by financial risk management.

Table 4. 17: ANOVA for Financial Risk management

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	54.581	1	54.581	141.029	.000[b]
	Residual	29.801	77	.387		
	Total	84.382	78			

a. Dependent Variable: Organizational Performance

b. Predictors: (Constant), Financial Risk Management

Source: Field Data (2022)

With a significance level of less than 0.01, the F test result in Table 4.17 of (1,77) = 141.029 supports the model's capacity to explain the variance in the dependent variable. It also implies that one important factor influencing success is the ability to effectively handle financial risks.

Table 4. 18: Regression Coefficient for Financial risk management

Coefficients						
Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**T**	**Sig.**
		B	**Std. Error**	**Beta**		
1	(Constant)	-1.693	.436		-3.884	.000
	FRM	1.339	.113	.804	11.876	.000

a. Dependent Variable: Performance

Source: Field Data (2022)

Table 4.18 displays that the financial risk management variable's unstandardized regression coefficient (β) value was 1.339, indicating a significance level of p<.001. This implied that a change in financial risk management of one unit would have an impact on outcomes of 1.339%. Thus, the following regression equation was developed to predict the Performances in Kenya due to financial risk management:

Performance = -1.693+1.339 Financial risk management

The findings showed that the financial performance of Kenyan commercial banks is significantly impacted by financial risk management. These findings, which are consistent with those of Toufaili (2021), demonstrate the direct correlation between

market, liquidity, credit, and solvency risks. The outcomes also demonstrate that net income will increase in proportion to the degree of risk management ratio management. Financial performance and prudent financial risk management are directly correlated, according to study by Akong'a (2014). The non-performing loans ratio (NPLR) has a strong correlation with return on assets (ROA), while the cash to deposit ratio and the current ratio have modest correlations with ROA. Because of this, it can be said that the association between NPLR, Current Ratio, and Cash to Deposit Ratio and Return on Assets (ROA) is considerable overall and that they are all good predictors of ROA. Asamoah and Arkoh (2018) found a favourable correlation between enterprise risk management and financial performance parameters such as leverage, asset quality, and liquidity. Additionally, the study found a modest negative linear link between financial performance metrics such asset turnover and return on asset and business risk management. Furthermore, the study's conclusions demonstrated a connection between rural and community banks' overall financial health and their use of enterprise risk management strategies.

4.8 Multiple Linear Regressions

This study set out to examine how Kenyan commercial banks' financial practices affected the banks' overall performance. This was made possible by popular multiple regression analysis techniques at the time. The aim of this study was to ascertain the impact of each component on performance when implementing a financial plan. This assisted in determining the model coefficients and R square for the study, enabling us to verify our hypothesis. Table 4.19 presents the results.

Table 4. 19: Model Summary Financial strategy implementation and Performance

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.852[a]	.727	.716	.55451

a. Predictors: (Constant), Technological Innovation, debt restructuring, Financial Risk Management

Source: Field Data (2022)

The information shown in Table 4.19 led to the conclusion that there is a positive and linear relationship between Performance and the three predictor variables—financial resource, debt restructuring, and technical innovation. 0.852, or r=0.852, was the correlation coefficient. The three predictor variables explained 72.7% of the variance in Performance, with factors outside the model (r^2 = 0.727) accounting for the remaining 27.3% of the variance, according to the results.

Table 4. 20: ANOVA for Financial strategy implementation

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	61.321	3	20.440	66.478	.000[b]
	Residual	23.061	75	.307		
	Total	84.382	78			

a. Dependent Variable: Performance

b. Predictors: (Constant), Technological Innovation, debt restructuring, Financial Risk Management

Source: Field Data (2022)

Table 4.20 displays the ANOVA findings. At a significance level of less than.01, the F test produced a value of F (3, 78) =66.478, indicating that the value was large enough to support the model's capacity to explain the variance in the dependent variables. Moreover, this suggests that the implementation of financial strategies serves as a significant predictor of the prosperity of Kenyan commercial banks.

Table 4. 21: Coefficients of the Independent Variables and Performance

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-1.886	.398		-4.743	.000
Technological innovation	.234	.081	.228	2.883	.005
Debt restructuring	.280	.097	.216	2.888	.005
Financial risk management	.904	.137	.543	6.595	.000
a. Dependent Variable: PF					

Source: Field Data (2022)

Table 4.20 displays the results of a multiple linear regression model based on a regression of the three predictor variables against performance:

Performance = -1.886+ 0.234$\mathbf{X_1}$ +0.280$\mathbf{X_2}$+ 0.904$\mathbf{X_3}$

X_1= Technological innovation

X_2=Debt restructuring

X_3=Financial risk management

Table 4.21 shows that the three factors most closely associated with technical innovation, financial risk management, and debt restructuring all had positive and substantial predictive power ($P<0.05$). The Performance will be -1.886 ($p<0.05$) if the financial strategy execution is kept at zero or is non-existent. Therefore, Performance will have a negative statistical significance. With a beta of 0.234, technical innovation is a good predictor of performance when financial risk management and debt restructuring are held constant, indicating that a one-unit increase in technological innovation will significantly boost performance by 0.234 units. The results support Charles's (2014) findings, which indicate that strategic technical innovation improves the performance of the manufacturing sector both individually and collectively. Technological innovation and IT infrastructure had a positive and significant impact on productivity, but IT knowledge management had a significant but negative impact, according to Dastane's (2020) research of IT enterprises in Malaysia. Rehman, Nor, Taha, and Mahmood (2018) showed that technological advancements had little effect on company performance in Malaysia, however these data contradict that conclusion.

When financial risk management and technological innovation are maintained constant, a debt restructuring beta of 0.280 shows that a one-unit increase in debt restructuring corresponds to a statistically significant 0.280-unit gain in performance. These findings are in line with those of Rudiana and Venusita (2017), who discovered that debt restructuring enhances financial performance in all areas, including liquidity, efficiency ratio, and eventually, a company's profitability. Rearranging a bank's portfolio, according to Karanja (2015), may increase the return on equity and assets for the organization as well as the caliber and speed of management decisions. According to Iskandar et al. (2017), businesses may use debt restructuring as a tool for evaluating how well they are doing financially. In this situation, the firm can use a

debt-to-equity exchange to do just that. Contradictory findings were obtained by Lockett et al. (2018) in his meta-analysis, which showed "positive change in performance for businesses that embraced loan portfolio and financial restructuring and negative outcomes for firms that used organization restructuring."

Last but not least, a beta of 0.904 for financial risk management indicates a statistically significant positive relationship between financial risk management and performance when debt restructuring and technological innovation are held constant. These findings corroborate the opinion of Yahaya, Lamidi, Kutigi, and Ahmed (2015), who stated that sound risk and liquidity management practices are crucial to achieving superior financial outcomes. Financial performance in the hotel industry in Nairobi County was studied by Kaliti (2015), who found that risk assessment, risk response, innovation, and quality all had positive substantial benefits, as did the internal environment and control activities. Nearly all of the variation in the companies' financial results may be attributed to their risk management procedures as a whole. In light of these findings, the research finds that the hospitality sector's risk management strategies have a substantial impact on the financial success of businesses in the industry. To mitigate against loan losses in a dynamic and competitive lending market, SACCOs have depended significantly on specific credit risk approaches, however this has been shown to be insufficient in a research by Murugu (2012) on the influence of risk management strategies on the performance of SACCOs in Kenya.

4.9 Hierarchical Linear Regression

This research utilized the moderating role of organizational culture. The results of an investigation into how company culture influences the connection between financial plan execution and performance are presented in this section. This result was

accomplished through the use of a hierarchical regression analysis with constructs of organizational culture serving as the independent variables.

Financial strategy implementation was first regressed on Performance, and the standardized regression coefficients (beta) were analyzed to ascertain the size, direction, and statistical significance of the relationship between the two. This allowed us to assess the impact of organizational culture on the relationship between the two. There can be no moderating effect if there is no statistically significant association between these two variables.

To calculate the moderating effect, scientists utilized the following equation:

$$\mathbf{Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 Z + \beta_5 X_1 Z + \beta_6 X_2 Z + \beta_7 X_3 Z + \varepsilon}$$

Where X = Independent variables (Financial strategy implementation)

Z = Moderating variable (Organizational culture)

Y = Performance

Finally, a regression analysis was run to assess the significance, direction, and strength of the association between the betas. Step one included the incorporation of service length as a determinant. The second phase included adding all of the independent variables associated with the execution of the financial plan (Technological innovation, financial risk management, and debt restructuring). Third, we inserted the moderator, or corporate culture, as an additional variable. As a moderating variable, the interaction term between the moderator variable and the variables used to apply the financial plan was included in step four. That's what happens when an organization's culture intersects with its financial plan. At each stage, we tracked how the R-squared, F-value, and p-value changed. Table 4.22 provides a summary of the pertinent findings.

Table 4. 22: Model Summary for Moderating Variable of Organizational culture

Model	R	R^2	Adj R^2	Std. Error of the Estimate	Change Statistics			
					R^2 Change	F Change	Df	Sig. F Change
1	.060[a]	.004	-.009	1.04496	.004	.276	1,77	.601
2	.853[b]	.727	.712	.55807	.723	65.325	3,74	.000
3	.861[c]	.741	.723	.54768	.014	3.833	1,73	.048
4	.880[d]	.775	.750	.52055	.035	3.603	3,70	.018

a. Predictors: (Constant), PERIOD

b. Predictors: (Constant), PERIOD, Technological Innovation (TI), Debt Restructuring (DR), Financial Risk Management (FRM)

c. Predictors: (Constant), PERIOD, TI, DR, FRM, Organizational Culture (OC)

d. Predictors: (Constant), PERIOD, TI, DR, FRM, OC, TI*OC, DR*OC, FRM*OC

Source: Field Data (2022)

Table 4.22 shows that in the first stage, the service duration explained only a negligible amount of the variance in performance (R^2 = 0.004, P=0.600). Step 2's adoption of the financial plan accounts for 73.7% of the performance variance (R^2 =.727, P=0.000). Step 3's incorporation of organizational culture into performance yielded a 1.4% (R^2 change=.014, P=0.048) increase in variation from step 1's 72.7% (r^2=0.727) to step 3's 74.0% (r^2=0.740), demonstrating a substantial positive impact. The findings show that organizational culture accounts for a substantial portion of the observed variation (F (1, 74) =3.850, p-value >.001). Model 3 with the interaction between organizational culture (OC) and financial strategy implementation (FSI) accounted for significantly more variance than model 2 with OC and FSI alone (R2 change =.035, p =.016), suggesting that OC may moderate the relationship between FSI and performance (OP).

Table 4.23: ANOVA Table for Hierarchical Regression

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.302	1	.302	.276	.601[b]
	Residual	84.080	77	1.092		
	Total	84.382	78			
2	Regression	61.335	4	15.334	49.236	.000[c]
	Residual	23.046	74	.311		
	Total	84.382	78			
3	Regression	62.485	5	12.497	41.663	.000[d]
	Residual	21.897	73	.300		
	Total	84.382	78			
4	Regression	65.414	8	8.177	30.176	.000[e]
	Residual	18.968	70	.271		
	Total	84.382	78			

Source: Field Data (2022)

Incorporating the moderating influence of organizational culture results in a shift in the regression coefficients and their statistical significance. The results also showed that when organizational culture was included in the regression model, the regression coefficients for the financial strategy implementation constructs increased in size and significance. This suggests that organizational culture may be partially moderating the relationship between the two variables. As a consequence, the findings verified that organizational culture significantly moderated the connection between financial plan execution and performance.

Table 4. 24: Regression Coefficients for Moderating Variable of Organizational culture

Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.

		B	Std. Error	Beta		
1	(Constant)	3.616	.396		9.141	.000
	Period	-.071	.136	-.060	-.526	.601
2	(Constant)	-1.886	.398		-4.743	**.000**
	Period	.016	.074	.013	.215	.831
	Technological innovation	.234	.081	.228	2.883	**.005**
	Debt restructuring	.280	.097	.216	2.888	**.005**
	Financial risk management	.904	.137	.543	6.595	**.000**
3	(Constant)	-2.177	.418		-5.214	**.000**
	Period	.020	.072	.017	.280	.781
	Technological innovation (TI)	.180	.084	.175	2.138	**.036**
	Debt restructuring (DS)	.179	.108	.138	1.650	.103
	Financial risk management (FRM)	.805	.144	.483	5.592	**.000**
	Organizational culture (OC)	.315	.160	.198	1.962	.048
4	(Constant)	-1.752	.466		-3.758	**.000**
	Period	.004	.071	.004	.060	.952
	Technological innovation (TI)	.237	.858	.231	.277	.783
	Debt restructuring (DS)	-4.229	1.738	-3.263	-2.434	**.017**
	Financial risk management (FRM)	-4.046	2.580	-2.430	-1.568	.121
	Organizational culture (OC)	-7.998	3.088	-5.034	-2.590	**.012**
	TI*OC	-.218	1.492	-.167	-.146	.885
	DR*OC	8.080	3.179	5.302	2.542	**.013**
	FRM*OC	9.561	4.627	5.439	2.066	**.041**

a. Dependent Variable: Performance

Source: Field Data (2022)

As can be seen in Table 4.24, the coefficient result for the moderating influence of organizational culture on the connection between financial management strategy and Performance is positive. Step 2 results showed that all financial management plan constructs had positive and substantial predicative power ($P<0.05$). Step 3's incorporation of organizational culture had a favorable, statistically significant impact on Performance ($\beta=0.315$, $P=0.048$). That means a shift of only one unit in the way a company views its culture may result in a noticeable shift of 0.315 units in how well it performs.

At Step 4, when the interaction term (the cross-product of the organizational culture and financial management implementation constructs) was introduced, the results showed that organizational culture was significantly unfavorable (B=-7.998, P=0.012). Financial risk management and technological progress lose their relevance. We discovered statistical significance for two of the interaction items we included. Organizational culture has a substantial moderating effect on both debt restructuring (β= 8.080, t=2.542, p =.013) and financial risk management (β= 9.561, t=2.066, p =.041). Thus, model 4 indicates that organizational culture significantly moderates the connection between debt restructuring and Performance, as well as the connection between financial risk management and Performance. The model equation, as given below, reflected these results as well.

$$\mathbf{OP=-1.752+0.237X_1-4.229X_2-4.046X_3-7.998Z -.218X_1Z+8.080X_2Z+9.561X_3Z}$$

Where OP is the Performance (**Dependent Variable**)

X_1 is the technological innovation (**Independent Variable**)

X_2 is the debt restructuring (**Independent Variable**)

X_3 is the financial risk management (**Independent Variable**)

Z is the organizational culture (**Moderating Variable**)

There are a number of inferences that can be drawn from this model: because the debt restructuring strategy *organizational culture coefficient is positive (indicating a positive interactive effect), we know that for every unit increase in organizational culture, the effect of debt restructuring strategy on Performance increases by 8.080 (P=0.013). Similarly, when organizational culture rises by one unit, the level of

financial risk management's influence on Performance rises by a statistically significant 9.561 (P=0.041) (the financial risk management*organizational culture coefficient is positive, indicating a positive interacting effect). Since the coefficient for technological innovation multiplied by organizational culture is negative (indicating a negative interaction impact), the influence of technological innovation on performance falls by 0.218 units (P=0.885) for every one unit rise in organizational culture.

Second, whereas the unmoderated Beta coefficient was 0.234 (P=0.005), the interaction between organizational culture and technical innovation yielded a beta value of -0.218 (P=0.885). In other words, the link between technical innovation and the performance of Kenya's commercial banks is moderated by organizational culture, but only somewhat. From 0.234 to -0.218, the B coefficient went down. Organizational culture and financial risk management interacted to yield a beta coefficient of 9.561 (P=0.041), compared to the unmodified value of 0.904 (P=0.000). This indicates that the link between financial risk management and Performance at commercial banks in Kenya is significantly mediated by the culture of these institutions. The value of B grew from 0.904 to 9.561.

In regard to unmoderated Beta coefficient of 0.280(P=0.005), the interaction of organizational culture with debt restructuring produced a beta coefficient of 8.080 (P=0.013). This implies organizational culture has significant moderating effect on the relationship between debt restructuring strategy and Performance of commercial banks in Kenya. The B coefficient absolutely increased from 0.280 to 8.080.These findings are consistent with those of Thumbi, Hannah, and Rosemarie (2021), who showed that organizational culture significantly influenced the connection between organizational learning and worker performance. Ayiecha and Senaji (2014) found that the relationship between leadership skills and employee productivity is moderated by the

various elements of organizational culture. Strategic human resources practices are associated with long-term success in business, however Almuslamani and Daud (2022) found that clan and market cultures dampen this link. However, this correlation is not attenuated by a focus on either ad hoc or hierarchical organizational styles.

4.10 Stepwise Regression

In stepwise regression, an algorithmic mechanism chooses the set of predictors to use in the regression model fitting process. At each stage, an existing variable is either added to or removed from the pool of potential explanations depending on the results of a previously conducted analysis. Table 4.25 displays the outcomes.

Table 4. 25: Stepwise Regression

				Std.	Change Statistics			
			Adj	Error of				
		R	R	the	R Square	F		Sig. F
Model	**R**	**Square**	**Square**	**Estimate**	**Change**	**Change**	**df**	**Change**
1	.804[a]	.647	.642	.62211	.647	141.029	1,77	.000
2	.835[b]	.696	.688	.58056	.050	12.416	1,76	.001
3	.852[c]	.727	.716	.55451	.030	8.309	1,75	.005

a. Predictors: (Constant), Financial risk management

b. Predictors: (Constant), Financial Risk Management, Debt restructuring

c. Predictors: (Constant), Financial Risk Management, Debt restructuring, Technological innovation

Source: Field Data (2022)

Based on the R2 values in Table 4.24, we can see that when more and more independent variables are included, the value rises. At a 95% level of confidence, the

F value demonstrates that the sum of financial risk management, debt restructuring, and technical innovation is significantly different from zero. Increasing R2 values for the important variables are shown, culminating in an R2 of 0.727. The foregoing numbers indicate that financial risk management accounts for 64.7% of the variation in the performance of Kenya's commercial banks, with debt restructuring and technology advancement each contributing 5% and 3%, respectively. This indicates that financial risk management was the most influential factor, followed by debt restructuring and innovation in technology.

4.11 Testing for null hypotheses

The null hypotheses were based on B Coefficient and P Values. If B coefficient is not equal to zero ($B \neq 0$) and $P<0.05$ then hypothesis is reject (Uriel, 2013) as illustrated hereunder

i. **H_{01}:**Technological innovation have no significant influence on the Performance of commercial banks in Kenya

   H_{A1}: Technological innovation has significant influence on the Performance of commercial banks in Kenya

   T-Test Statistics results: ($t=2.883$; $P=0.005<0.05$) Table 4.20

   Beta Standardized Coefficient results: $\beta_1 \neq 0$ ($\beta_1=0.234$) and $P=0.005<0.05$

   Verdict: First null hypothesis is rejected

   Interpretation: Technological innovation has significant influence on the Performance of commercial banks in Kenya.

ii. **H_{02}:**Debt restructuring have no significant influence on the Performance of commercial banks in Kenya

H_{A2}: Debt restructuring have significant influence on the Performance of commercial banks in Kenya

T-Test Statistics results: (t=2.888; P=0.005<0.05) Table 4.20

Beta Standardized Coefficient results: $\beta_2 \neq 0$ (β_2=0.280) and P=0.005<0.05

Verdict: Second null hypothesis is rejected

Interpretation: Debt restructuring have significant influence on the Performance of commercial banks in Kenya

iii. **H_{03}:**Financial risk management have no significant influence on the Performance of commercial banks in Kenya

H_{A3}: Financial risk management have significant influence on the Performance of commercial banks in Kenya

T-Test Statistics results: (t=6.595, P=0.000<0.05) Table 4.20

Beta Standardized Coefficient results: $\beta_3 \neq 0$ (β_3=0.904) and P=0.000<0.05

Verdict: Third null hypothesis is rejected

Interpretation: Financial risk management have significant influence on the Performance of commercial banks in Kenya

iv. **H_{04}:**Organizational culture has no significant moderating effect on the relationship between financial strategy implementation and Performance of commercial banks in Kenya.

H_{A4}: Organizational culture has significant moderating effect on the relationship between financial strategy implementation and Performance of commercial banks in Kenya.

F-Statistics: F >0 (F=3.682) and P=0.000<0.05 Table 4.21.

Verdict: Fourth null hypothesis is rejected.

Interpretation: Organizational culture has significant moderating effect on the relationship between financial strategy implementation and Performance of commercial banks in Kenya.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

This chapter summarizes the material presented in the preceding chapters. The study's results and conclusions are highlighted, along with any recommendations or suggestions for more research.

5.1 Summary of findings

This main 0bjective of the study was to examine how Kenyan commercial banks' organizational culture affects the relationship between performance and the execution of financial plans. The particular objectives of the study were to: (1) ascertain the influence of technological innovation on performance; (2) ascertain the influence of financial risk management performance on performance; (3) ascertain the influence of debt restructuring on performance; and (4) ascertain the moderating role of organizational culture on the relationship between the financial strategies' implementation and the performance of Kenya's commercial banks. At the 95% confidence level ($p<0.050$), the independent and interaction effects hypotheses were examined. The results summary is given in the following sections using the same format.

5.1.1 Influence of technological innovation on Performance

The primary purpose of this research was to examine how Kenya's capital region's commercial banks reacted to a strategy focus on technological innovation. All of the respondents believed that their banks used technology to produce more items at lower costs than its competitors, and that electronic payments were deployed to allay customers' fears about the safety of their financial transactions. The respondents also

agreed that technological innovation, such as artificial intelligence systems, has aided the bank in conducting calculations, analyzing vast amounts of data, and improving its predictive capabilities. These advances help the bank make decisions about lending, investing, and underwriting in response to the financial market's volatile swings and stifling competition.

Technical innovation and performance were directly correlated, according to the inferential analysis's findings (R=0.671, P=0.000). This implies that increased technological innovation would result in increased performance. According to the coefficient of determination R square, technical advancement accounts for up to 45.1% of the variance in performances (R2=0.451, P=0.000). Thus, it may be concluded that technical advances are a crucial predictor of Commercial banks' success. An increase of one unit in technical innovation results in a considerably superior performance by 0.234 units (β1=0.234, P=0.005) when fiscal risk management and debt restructuring are under control.. Therefore, therefore the study failed to accept the first null hypothesis that posits: **H_{01}: Technological** innovations have no significant influence on the Performance of commercial banks in Kenya.

5.1.2 Influence of debt restructuring on the Performance

The research also aimed to determine how commercial banks in Kenya would fare if they restructured their debt. The vast majority of respondents agreed that debtors are free to take out new loans in order to minimize their overall interest burden, and that loan maturities may be extended in order to cut monthly payments. Debt consolidation or equity extractions for borrowers who can prove they can repay the loan are two examples of what they found, and the availability of personal guarantees, additional

collateral, or other safeguards is also considered by banks throughout the debt restructuring process.

Debt restructuring has been shown to have a clear correlation with financial outcomes (R=0.633, P0.000). That means a rise in debt restructuring should boost outcomes. Coefficient of determination (R squared) data showed that debt restructuring might explain for up to 40.1% of the variation in Performances (R^2=0.401, P =0.000). Debt restructuring seems to be a strong indicator of Commercial Banks' success. A one-unit increase in debt restructuring will result in a 0.280-unit performance improvement provided financial risk management and technological advancement are properly handled (β2=0.280, P=0.005). Consequently, there was enough evidence to disprove the second null hypothesis, which: **H_{02}:**Debt restructuring have no significant influence on the Performance of commercial banks in Kenya.

5.1.2 Influence of Financial risk management on Performance

Examining how financial risk management techniques affect Kenya's commercial banks' productivity was the third purpose. Everyone surveyed agreed that the bank's senior leadership effectively converts the financial risk management strategy of the board of directors into operational guidelines and protocols that are implemented throughout the organization. The bank also offers extensive training to its staff, has clearly defined structures, rules, and responsibilities for managing financial risks, and has internal controls in place to evaluate the effectiveness of its financial risk management program. Lastly, the bank keeps a daily eye on the caliber of its credit portfolio and responds appropriately if and when a deterioration is noticed.

An indirect correlation between financial risk management and outcomes was found (R=0.804, P=0.000). Therefore, better financial risk management should lead to better

performance. Based on the coefficient of determination R square value, we know that technological advancement accounts for up to 64.7% of the variance in Performances (R^2=0.647, P=0.000). The results of this analysis support the hypothesis that financial risk management is a reliable indicator of the success of commercial banks. An improvement in financial risk management by one unit leads to a 0.280-unit improvement in performance when technical innovation and debt restructuring are both under control (β3=0.904, P=0.000). Therefore, there was adequate evident to reject the third null hypothesis that posits: **H_{03}**: Financial risk management have no significant influence on the Performance of commercial banks in Kenya.

5.1.4 Moderating effect of organizational culture on the relationship between financial strategy implementation and Performance

The fourth objective of the study was to establish the moderating effect of organizational culture on the relationship between financial strategy implementation and Performance of commercial banks in Kenya. Most respondents said that their banks make clear instructions available to employees on their responsibilities and that they put a premium on adherence to rules, shared values, commitments, and laws. In addition, most respondents stated that their banks encourage innovation and creativity among staff, so workers are allowed to flout official processes and standards if it helps them get the job done and the bank is able to anticipate and react to future developments and consumer requests.

Joint financial plan implementation independent factors are directly related to Performances (R=0.852, P=0.000) as shown by multiple linear regression analysis. That means if financial techniques were implemented at a higher pace, the outcomes would be better. Using the R-squared statistic, we find that debt restructuring may

explain as much as 72.7% of the variation in Performances (R^2=0.727, P0.0001). This indicates that commercial banks' success is strongly correlated with how well their financial strategies are put into action. The model explains 74.0% of the variation in Performance (R^2=0.740, P=0.054), with organizational culture alone accounting for 1.4% of the variance. However, an R square of 0.775 indicates that the interaction between financial strategy execution and organizational culture factors accounts for an extra 4.9% variation in the Performances.

From the results, increase in organizational culture attributes results to reduction on the effect of technological innovation on Performance by 0.218 insignificantly (P=0.885). On the other hand, organizational culture positively increases the effect of debt restructuring (B=8.080, P=0.013) and financial risk management (P=9.561, P=0.041) on Performance significantly. Therefore, there was sufficient evident to reject the fourth null hypothesis that posits: **H_{04}:**Organizational culture has no significant moderating influence on the relationship between financial strategy implementation and Performance of commercial banks in Kenya.

5.2 Conclusion

It is clear that Kenyan commercial banks have incorporated technical advancements including artificial intelligence systems, national payment systems, and electronic platforms to improve their performance. As a result of the technological advancements outlined in this study, financial transactions are now more secure and private, more products can be produced more effectively and affordably than their rivals, alliances can be formed locally and internationally, and competition can be stopped quickly in response to changing market conditions. These have led to a notable enhancement in Kenya's commercial banks' performance. As a result, the study came to the conclusion

that technology advancements significantly affect Kenya's commercial banks' performance.

Loaning is regarded as the primary activity of banks, accounting for more than 70% of their total revenue. Commercial banks are very concerned about non-performing loans, thus they have implemented a number of techniques, including debt restructuring, to reduce the amount of non-performing loans. Commercial banks in Kenya focused on loan terms which included postponement of loan repayment, interest Rate reduction and debt refinancing. Borrowers have considerable leeway in restructuring their loans, including the option to extend the maturity date to cut monthly responsibilities, switching to interest-only payments for a limited time, and refinancing existing debt to lower interest rates. Consequently, the research found that debt restructuring significantly affected the performance of Kenya's commercial banks. Thus, better debt restructuring should lead to markedly improved performance at Kenya's commercial banks.

Financial risk is inevitable amongst commercial banks not only in Kenya but also global and therefore, banks have continuously implemented various financial risks to minimize their effect. The study established that financial risk management strategies are geared towards risk transfer, risk avoidance, risk reduction and risk prevention. To reduce the impact of financial risk on performance, commercial banks have successfully adopted risk diversification tactics and put partnership strategies into risk management. Thus, the study came to the conclusion that financial risk management significantly affects Kenya's commercial banks' performance.

The study came to the conclusion that organizational culture significantly moderates the impact of financial strategy implementation on commercial banks' performance.

This suggests that organizational culture has a big impact on performance that goes beyond the application of financial strategies. Regarding the individual independent factors, there was a notable variation. Financial risk management and debt restructuring were positively and significantly moderated by organizational culture. Regarding technological advancement, the same outcomes were not stated, though. According to the study, organizational culture has a negligible moderating influence. Thus, the study came to the conclusion that organizational culture significantly modifies the relationship between the performance of Kenya's commercial banks and the application of financial strategies.

5.4 Recommendations

There are both policy and practical suggestions based on the study's findings, which were determined by the aforementioned goals.

Regarding the first objective, the study suggested that commercial banks use and enhance new technical advances to improve their performance as they become more aware of the power of these innovations. In this sense, the bank ought to adopt technological innovation that would enable them to effectively generate a greater number of goods and services than their rivals at the lowest possible cost. It is recommended that government financial regulators establish frameworks and regulations that promote commercial innovation while also guaranteeing the security of the resulting financial systems.

Regarding the second objective, the study suggested that management of commercial banks take control of the amount of credit extended and the collection tactics included in their credit policy. Loan managers should constantly keep an eye on all of the ongoing loans in their portfolio and, when needed, extend the loan repayment period

for clients who are having trouble making their payments because of market fluctuations. Additionally, when implementing a debt restructuring strategy, management should take into account the availability of personal guarantees, supplementary collateral, or other protective measures.

The research concluded that in order to achieve the third goal, bank management should institute effective risk management systems and policies. Additionally, financial institutions should closely adhere to effective risk management techniques to guard against financial and operational risk, therefore reducing unexpected and expensive crises and allocating resources more efficiently. Additionally, the report recommended that the bank's top management effectively implement internal policies and procedures based on the financial risk management strategy that the board of directors had prepared.

Because there is a favorable correlation between organizational culture and performance, commercial bank management is encouraged to invest more resources in the good organizational culture practices that significantly impact performance. You should pay particular attention to two components of an organization's culture: professional-oriented work cultures and goal-oriented metrics. As a result, the business will be able to better achieve its long-term objectives and performance targets, and its personnel will be more motivated to work toward those goals and targets. Improvements to organizational culture that facilitate employee input into decision making are also necessary. Employees will be more invested in their job, and their performance will improve in the long run.

5.5 Suggestion for further studies

The purpose of this study was to ascertain how Kenyan commercial banks' performance was affected by the implementation of their financial strategies. From a conceptual standpoint, the research focused only on debt restructuring, financial risk management, and technology advancements. Up to 72.7% of the variation in Performance was explained by the application of these three techniques. To find out if implementing financial re-engineering can raise the variation above 72.7%, more research can be done on alternative financial methods.

Organizational culture was used as a moderator in this study, and it was found to have a significant moderating effect on the relationship between financial strategy implementation and performance. However, the explanatory power did not reach statistical significance, especially when it came to technological improvement. This suggests that there are several other significant factors in addition to technological advancements that affect performance in these companies. Because of this, researchers need to think about adding other variables, including the external environment, to studies that are similar to these and figuring out how much these factors affect performance.

REFERENCES

Abaniset, M. I. M. (2017). Impact of accounting information system on organizational performance: A study of SMEs in the UAE. *Global Review of Accounting and Finance,* 8(2), 20-38.

Abor, J., (2005). The effect of capital structure on profitability: empirical analysis of listed firms in Ghana. *Journal of Risk Finance*, 6(5), 438-45.

Addo, I. K. (2017). The effect of financial management practices on the financial performance of top 100 small and medium enterprises in Kenya (*Doctoral dissertation, University of Nairobi*)

Akinyomi, O. J. (2013), Effect Of Capital Structure on Firms Performance: Evidence from Nigerian Manufacturing Company.*International Journal of Innovative Research and Studies*, 2 (9), 1029-325.

Akotey, J. O. & Afriyie, H. O., (2018). *Credit risk management and profitability of selected rural banks in Ghana.* Ghana: Catholic University College of Ghana.

Alharbi, H. (2012). Traditional versus e-learning language lessons courses: a comparative analysis of student perceptions and performance through an *Arabic language lessons*: a case study.

Alnajjar, M. I. M. (2017). Impact of accounting information system on organizational performance: A study of SMEs in the UAE. *Global Review of Accounting and Finance,* 8(2), 20-38.

Amboka, B. O. (2012). *Organizational restructuring as a strategic approach to performance by Safaricom Limited* (Doctoral dissertation, University of Nairobi, Kenya).

Andersen, B., Rosli, A., Rossi, F., & Yangsap, W. (2012). Intellectual property (IP) governance in ICT firms: strategic value seeking through proprietary and non-proprietary IP transactions. *International Journal of Intellectual Property Management*, *5*(1), 19-38.

Arbabiyan, Ali-Akbar & Safari, Mehdi, (2009), The effects of capital structure and profitability in the listed firms in Tehran Stock Exchange, *Journal of Management Perspective*, 33 (12), 159-175.

Arwinge, O., & Arwinge, O. (2013). The Control System of the Firm. *Internal Control: A Study of Concept and Themes*, 25-36.

Babalola Y. A. (2014). *Triangulation Analysis of Capital Structure and Firms Performance in Nigeria.East.* Lugansk, UK: Unpublished MBA Thesis Ukraine National University.

Barker, R. (2017). The revolution ahead in financial reporting: reporting financial performance. *Balance Sheet*, 11 (4), 19-23.

Bátiz-Lazo, B., & Woldesenbet, K. (2006). The dynamics of product and process innovations in UK banking. *International Journal of Financial Services Management*, *1*(4), 400-421.

Bhat, H. S., & Zaelit, D. (2014). Forecasting retained earnings of privately held companies with PCA and L1 regression. *Applied Stochastic Models in Business and Industry*, *30*(3), 271–293.

Burton, L. J., & Mazerolle, S. M. (2011). Survey instrument validity part I: Principles of survey instrument development and validation in athletic training education research. *Athletic Training Education Journal*, *6*(1), 27-35.

Buttimer, R. J. (2001). *An Introduction to financial risk management in government*. PricewaterhouseCoopers.

Central Bank of Kenya, CBK (2019). *Bank Supervision Annual Report 2019*. Retrieved from www.centralbank.go.ke.

Central Bank of Kenya, CBK (2021). *Bank Supervision Annual Report 2021*. Retrieved from www.centralbank.go.ke

Clancy, M. M., Sherraden, M., & Beverly, S. G. (2015). College savings plans: *A platform for inclusive and progressive child development accounts*.

Claudio, C. C., Teresa, G. M., & Cristina, B. S. (2013). Does technological innovation efficiency really matter for firm performance. *Res. Policy*, *42*, 1239-1250.

Chandra, P. (2017). *Financial management*. Tata McGraw-Hill Education.

Cheng, G., Díaz-Cassou, J., & Erce, A. (2018). Official debt restructurings and development. *World Development*, *111*, 181-195.

Chen, A., Sumon, M. (2011). Impact of Regulatory Interactions on Bank Capital Structure. *Journal of Financial Services Research*, 8(4), 283-300.

Chiang, Y.H., Chan, P.C.A., & Hui, C.M.E., (2002). Capital structure and profitability of the property and construction sectors in Hong Kong. *Journal of Property Investment and Finance*, 20(6), 434-454

Coleman, S., & Robb, A. (2007). Capital structure theory and new technology firms : is there a match ? *Capital Structure Theory and New Technology Firms: Is There a Match?* https://doi.org/10.1108/01409171211195143

David, D. F., & Olorunfemi, S. (2010). Capital Structure and Corporate Performance in Nigeria Petroleum Industry : Panel Data Analysis. *Journal of Mathematics and Statistics*, *6*(2), 168–173.

Ebaid, E. I. (2009). The impact of capital-structure choice on firm performance: empirical evidence from Egypt. *The Journal of Risk Finance,*, 10(5), 477-487.

Eken, M. H., Selimler, H., Kale, S., & Ulusoy, V. (2018). The effects of global financial crisis on the behaviour of European banks: A risk and profitability analysis approach. *ACRN Journal of Finance and Risk Perspectives*, 1(2), 17-42.

Elliott, D. J., & Yan, K. (2017). The Chinese financial system: *An introduction and overview*. Brookings Institution.

Estes, J. S., Dailey-Hebert, A., & Choi, D. H. (2017). Integrating technological innovations to enhance the teaching-learning process. In *Medical Education and Ethics: Concepts, Methodologies, Tools, and Applications* (pp. 1476-1504). IGI Global.

Farhatali, S. (2017*). Influence of strategic financial management on small and medium enterprises' performance*.

Fatoki, O. I. (2018). *Effect of Financial Performance on Capital Structure of Non-Financial Firms in the Nigerian Stock Exchange* (Doctoral dissertation, JKUAT-COHRED).

Garson, M. (2012). Type I Error Rate and Power of Three Normality Tests Pakista. *Journal of Information and Technology*.

Golda, G., (2019). Mobile money and financial inclusion in sub-Saharan Africa: the moderating role of social networks. *Journal of African Business*, 19(3), 361-384.

Gill, Amarjit; Biger, N. (2016). The effects of capital structure on profitability: *Evidence from United States from the United States*, (January 2011).

Girmay, M. (2016) *Consequences of Financial Management Practices on Profitability on Selected Private Manufacturing Companies in Mekelle City*.

Gupta, V. (2017). Corporate Debt Restructuring and its Impact on Financial Performance. *International Journal of Engineering Technology, Management and Applied Sciences*, *5*(2), 160-176.

Harris, M., & Raviv, A. (1991). *The Theory of Capital Structure, XLVI*(1).

Herranz, N., Krasa, S., & Villamil, A. (2007). The impact of entrepreneur characteristics and bankruptcy rules on firm performance. *University of Illinois (2007, unpublished manuscript)*.

Hill, K. (2010). Advances in augmentative and alternative communication as quality-of-life technology. *Physical Medicine and Rehabilitation Clinics*, *21*(1), 43-58.

Ishaya L. C. and Abduljeleel B. O. (2014). Capital Structure and Profitability of Nigerian Quoted Firms: The Agency Cost Theory Perspective. *American International Journal of Social Science* 3(1), 5-22.

Jahangir, N., & Begum, N. (2008). The role of perceived usefulness, perceived ease of use, security and privacy, and customer attitude to engender customer adaptation in the context of electronic banking. *African journal of business management*, *2*(2), 32.

Jiang, J., Liu, B., & Yang, J. (2019). The impact of debt restructuring on firm investment: Evidence from China. *Economic Modelling*, *81*, 325-337.

Kajananthan, R., & Nimalthasan, P. (2013). Capital structure and its impact on firm performance : A study on Sri Lankan listed manufacturing companies. *Merit Research Journal*, *1*(2), 37–44.

Kamwana, W. C., & Muturi, W. (2014). Effects of financial management on performance of World Bank funded projects in Kenya: A Case of KPLC Projects. *European Journal of Business Management*, *2*(1), 370-384.

Karanja, G. W. (2015). *Restructuring strategy and performance of KCB bank limited* (Doctoral dissertation, University of Nairobi).

Katou, A. A., Budhwar, P. S., & Patel, C. (2021). *Line manager implementation and employee HR attributions mediating mechanisms in the HRM systemOrganizational performance*.

Kenya Bankers Association. (2020). *Kenya Bankers Association Annual Report and Financial Statements.*

Kirkpatrick, G. (2019). The corporate governance lessons from the financial crisis. OECD Journal: Financial Market Trends, 2019(1), 61-87.

Kithinji, A. M. (2017). Credit risk management and profitability of commercial banks in Kenya. School of Business, University of Nairobi, Nairobi.

Lagat, F. K., & Tenai, J. (2017). Effect of risk identification on performance of financial institutions. *International Journal of Business Strategies*, *2*(1), 75-87.

Mauwa, J., Namusongeand, G. S., & Onyango, S. (2016). Effect of capital structure on financial performance of firms listed on the Rwanda Stock Exchange. *European Journal of Business, Economics and Accountancy*, *4*(4).

Marinova, J., Plantenga, J., & Remery, C. (2016). Gender diversity and firm performance: Evidence from Dutch and Danish boardrooms. *The International Journal of Human Resource Management*, *27*(15), 1777-1790.

Mathenge, P. W., & Muturi, W. (2017). Effects of financial management practices on financial performance of public Universities in Kenya. *International Journal of Social Sciences and Information Technology*, *3*(8), 2354-2363.

Mbithi, D. N. (2016). A Causal Analysis of the Relationship Among Exports, Human Development and Economic Growth in Kenya: Multivariate Time Series Approach (*Doctoral dissertation, University of Nairobi*).

Mensah, B.A.K. (2016) Working capital management practices of small firms in the Ashanti Region of Ghana. *International Journal of Academic Research in Business and Social Sciences,* 2(1).

Musila, P. (2015). *The relationship between equity financing and financial performance of the energy and petroleum companies listed at the Nairobi securities exchange*.

Mitra, S. (2010). A risk management framework and model for pension investment funds. *International Journal of Business Continuity and Risk Management*, *1*(4), 301-316.

Mendell, B. C., Sydor, T., & Mishra, N. (2006). Capital structure in the United States forest products industry: *The influence of debt and taxes*. Forest Science, 52(5), 540-548

Muchiri, M. J., Muturi, W. M., & Ngumi, P. M. (2016). Relationship between Financial Structure and Financial Performance of Firms Listed at East Africa Securities Exchanges.*Journal of Emerging Issues in Economics, Finance and Banking*, 5(1), 1734-1755.

Muzeya, L. (2017). The impact of debt finance on financial performance of a firm: *A case of Talon private limited*.

Mwangi W. L., Makau M. S. and Kosimbei G. (2014). Effects of working capital management on Performance of nonfinancial companies listed in NSE, Kenya. *European Journal of Business and Management.*

Mwangi, Y.K. (2018). The effect of risk management on financial performance of commercial banks in Kenya (*Doctoral dissertation, University of Nairobi*).

Nara, Y. (2012). A Cross-cultural Study on Trust and Risk Perception among Japan, China, and the United States: Focusing on Earthquakes and Nuclear Power Plant Accidents. In *Advances in Knowledge-Based and Intelligent Information and Engineering Systems* (pp. 1609- 1621). IOS Press.

Ngige, A. W. (2012). *Corporate restructuring and firm performance in the banking sector of Kenya* (Doctoral dissertation).

Ngure, F. (2017). *Financial Innovations and Performance of Savings and Credit Co-operatives Societies in Kirinyaga County, Kenya* (Doctoral dissertation, University of Embu).

Njenga, T. G. (2014). *Study on the Relationship between Capital Structure and Financial Performance of the Manufacturing Companies Listed On the Nairobi Stock Exchange* (Doctoral dissertation, United States International University-Africa).

Njeri, D. N., & Were, S. (2017). Determinants of project performance in non-governmental organizations in Kenya, a case study of hand in hand Eastern africa. *International Journal of Project Management*, *1*(4), 61-79.

Ongore, J. G. (2017). Effect of financial risk on financial performance of commercial banks in Kenya (*Doctoral dissertation*, COHRED, JKUAT).

Osoro, E. M., & Muturi, W. (2015). Effects of liquidity-risk management practices on the financial performance of savings and credit co-operative societies in Kisii County, Kenya. *International Academic Journal of Information Sciences and Project Management*, *1*(4), 68-85.

Pandey, I. M. (2015). *Financial management* (11 ed.). Bombay: Vikas Publishing House Ltd.

Permana, G., & Adrianto, F. (2020). E*ffect of debt restructuring to equity swap policy towards financial performance.*

Pimpong, S., & Laryea, H. (2016). *Budgeting and its impact on financial performance*

Pratheepkanth, P., (2011), Capital Structure and Financial Performance: Evidence from Selected Business Companies in Colombo Stock Exchange Sri Lanka, *Journal of Arts, Science & Commerce,* 2 (2), pp.1-13.

Roberts, M. R. (2015). The role of dynamic renegotiation and asymmetric information in financial contracting. *Journal of Financial Economics*, *116*(1), 61-81.

Roden, D.M. &Lewellen, W.G., 2015. Corporate Capital Structure Decisions: Evidence From Leveraged Buyouts.*Financial Management,* 24 (6), 76-87.

Saah, P. E. (2016). Financial Management Practices and Profitability of Small and MediumScale Entities in The Tamale Metropolitan Area (*Doctoral Dissertation, Kwame Nkrumah University of Science and Technology*).

Saad, M. M. (2018). Financial management challenges in the South African construction procurement. *FUTY Journal of the Environment*, *12*(1), 62-70.

Saeedi, A & Mahmoodi I, (2011), Capital Structure and Firm Performance: Evidence from Iranian Companies, *International Research Journal of Finance and Economics*, 70 (4), 21-28.

Salazar, L.A., Soto, C.R. & Mosqueda, E.R (2012). *The Impact of Financing Decisions and Strategy on Small Business Competitiveness*. Global Journal of Business Research, 6(2), 93-168.

San, O.T. &Heng, T.B. (2011), Capital Structure and Corporate Performance of Malaysian Construction Sector, *International Journal of Humanities and Social Science, 1(2), 28-36.*

Sekabira, H. (2013). Capital structure and its role on Performance of microfinance institutions: The Ugandan case. *Sustainable Agriculture Research*, *2*(3), 86.

Sheikh, N. A., & Wang, Z. (2010). Financing Behavior of Textile Firms in Pakistan. *International Journal of Innovation, Management and Technology*, 1(2), 130–135.

Singh, M. W., Suchard, J. (2013). Corporate Diversification Strategies And Capital Structure. *The Quarterly Review Of Economics And Finance*, 4 (4),147– 167.

Tseng, S. M. (2010). The correlation between organizational culture and knowledge conversion on corporateperformance. *Journalof knowledge management*, *14*(2), 269-284. relationship: A multilevel and multipath study. *Human Resource Management Journal*, *31*(3), 775-795.

Ubesie, C. M. (2016). The Effect of Capital Structure on the Financial Performance of Nigerian Quoted Conglomerates. *European Journal of Accounting, Auditing and Finance Research*, *4*(6), 61–69.

Wekesa, M. (2017). Moderating effect of organizational culture on the relationship between retention strategy and turnover costs of manufacturing companies in Eldoret, Kenya (*Doctoral dissertation, University of Eldoret*).

World Bank. (2019). *World development report 2020: Trading for development in the age of global value chains*. The World Bank.

Zada, M., Yukun, C., (2021). Effect of financial management practices on the development of small to-medium size forest enterprises: insight from Pakistan. *GeoJournal, 86(3), 1073-1088*.

APPENDIX I: LIST OF COMMERCIAL BANKS

Name of Bank

1.ABC Bank (Kenya)

2.Bank of Africa

3.Bank of Baroda

4.Bank of India

5.Barclays Bank of Kenya

6.CFC Stanbic Holdings

7.Chase Bank

8.Cooperative Bank of Kenya

9.Credit Bank

10.Commercial Bank of Kenya

11.Consolidated Bank of Kenya

12,Diamond Trust Bank

13.Ecobank Kenya

14.Equity Bank

15.Family Bank

16.First Community Bank

17.Giro Bank

18.Guaranty Trust Bank Kenya

19.Gulf African Bank

20.Housing Finance Company of Kenya

21.I&M Bank

22.Kenya Commercial Bank

23K-Rep Bank

24.National Bank of Kenya

25.NIC Bank

26.Family Bank

27.Jamii Bora Bank

28.Prime Bank Kenya

29.Habib Bank

30.Paramount Universal Bank

102Post Bank

32.Sidan Bank

33.Standard Chartered Bank

34.Trans National Bank Kenya

APPENDIX II: QUESTIONNAIRE

I am a post graduate student pursuing a Masters of Business Administration degree in Strategic Management. I am undertaking a research study titled, **'INFLUENCE OF FINANCIAL STRATEGY IMPLEMENTATONON PERFORMANCE OF COMMERCIAL BANKS IN KENYA."** I humbly request you to participate in this study as a respondent.

MARYLINE BARASA

INSTRUCTIONS

Please tick where most appropriate

Section A: DEMOGRAPHIC CHARACTERISTICS

For how long have been working in your current position

1 Year and Below [ ]

2 to 5 Years [ ]

6 to 9 Years [ ]

Over 10 Years [ ]

Section B: Technological innovation

Please indicate your level of agreement in respect to the following statement as they relate to technological innovation. Please tick (√) strongly agree (SA) = 5, Agree (A) = 4, undecided (U) = 3, Disagree (D) =2 and strongly disagree (SD) = 1

Technological innovation	**1**	**2**	**3**	**4**	**5**
The bank adopted electronic payments to resolve problems of trust and financial transaction security with its customers					
The technology adopted has allowed real time transaction processing					
The bankimplemented varied National payment systems such as SWIFT, Real-Time Gross Settlement etc					
The bank has an effective artificial intelligence system to analyse customer preferences and switching intentions					
Technological innovation such as artificial intelligence systems' assist the bank in analysing huge chunks of data, performing calculations and prediction capabilities helps the bank in investment, loaning and underwriting decisions					
The banks has continuing development, deployment and management of competitive information systems and networks to enhance operational excellence					
Adoption of technology has led to the development of new Financial services and products, new functions, formation of new alliance					
My bank able to use technology to efficiently produce more products than its competitors and at the lowest cost					

Section C: Debt restructuring strategy

Please indicate your level of agreement in respect to the following statement as they relate to debt restructuring strategy. Please tick (√) strongly agree (SA) = 5, Agree (A) = 4, undecided (U) = 3, Disagree (D) =2 and strongly disagree (SD) = 1

Debt Restructuring Strategy	**1**	**2**	**3**	**4**	**5**
Borrowers are allowed to refinance their existing debt to lower their interest rates					
Borrowers can structure their loans by lengthening the maturity date to reduce the monthly obligations					
Borrowers are allowed to change the payment status to interest-only for a brief period of time					
Debt restructuring involve consolidating debts or equity extractions for borrowers who can demonstrate loan repayment					
As long as the bank understands how the loan will continue to be repaid, the bank is likely to modify the terms reasonably to the benefit of the customer's ability to repay,					
During debt restructuring to alleviate financial stress, the bank reviews the overall risk profile of the borrower					
During debt restructuring, bank takes into consideration the availability of personal guarantees, additional collateral, or other protective measures					

Section D: Financial Risk Management Strategy

Please indicate your level of agreement in respect to the following statement as they relate to financial risk management strategy. Please tick (√) strongly agree (SA) = 5, Agree (A) = 4, undecided (U) = 3, Disagree (D) =2 and strongly disagree (SD) = 1

Financial Risk Management Strategy	**1**	**2**	**3**	**4**	**5**
Financial Risk Management Strategy set by the board of Directors are effectively transformed and communicated within the bank in the shape of policies and procedures by the top management					
The bank has an effective risk management framework (infrastructure, process and policies) in place for managing various financial risks					
The bank has a financial risk rating framework across all type of financing activities					
The bank monitors quality of the credit portfolio on day-today basis and takes remedial measures as and when any deterioration occurs					
The bank regularly prepares periodic report of financial risks					
The bank has intensive training and clearly defined structures, policies and responsibilities for managing financial risks					
Internal controls are in place to evaluate the efficiency of financial risk management program					

Section E: Organizational Culture

Please indicate your level of agreement in respect to the following statement as they relate to organizational culture. Please tick (√) strongly agree (SA) = 5, Agree (A) = 4, undecided (U) = 3, Disagree (D) =2 and strongly disagree (SD) = 1

Organizational Culture	**1**	**2**	**3**	**4**	**5**
There is high importance placed on bank rules, shared values, obligations and regulations at our Bank					
The Bank ensures clear instructions are availed to staff concerning their tasks and duties					
The Bank promotes creativity and innovation among employees hence employees are at freedom to ignore formal procedures and rules if it helps to get job done					
We are good at anticipating future changes and create adaptive ways to meet future customer demands					
Employees in my bank have a sense of identity and mutual trust which increases their commitment to work					
Employees respect each other's needs when making decisions in the Bank					
The management is very clear on where they want to take the bank					

Section F: Organizational Performance

What has been the trend of the following aspects of performance in yourcompany for the last five years?. Please tick (√) greatly improved (GI) = 5, Improved (I) = 4, Constant (c) = 3, Decrease (D) =2 and Greatly Decrease (GD) = 1

Organizational Performance	**1**	**2**	**3**	**4**	**5**

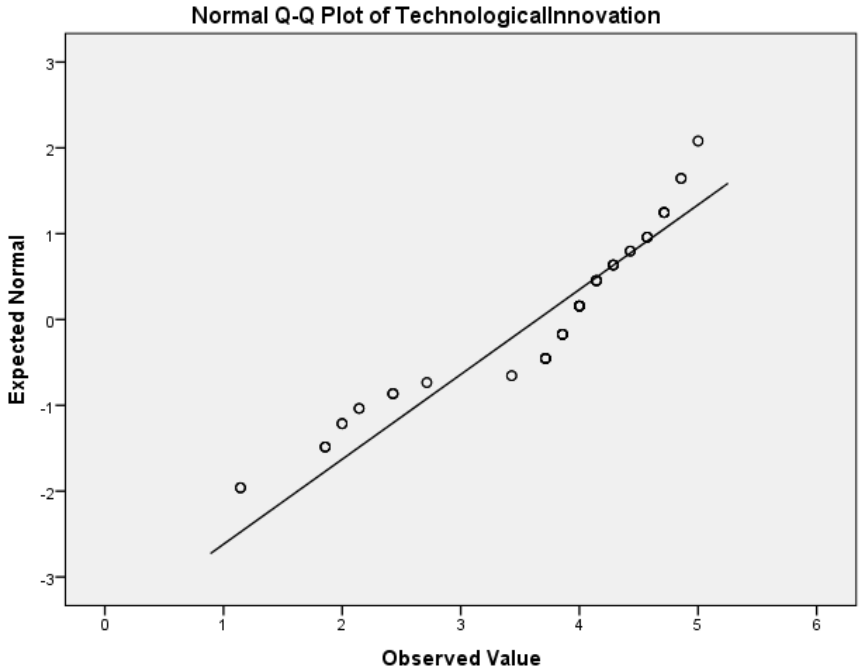
The number of customer complaints have been reducing over the last five years					
Banks has increase its market share through opening of new branches over the last five years					
My bank has increased its number of branches across the country.					
Management efficiency has increased over the last five years					

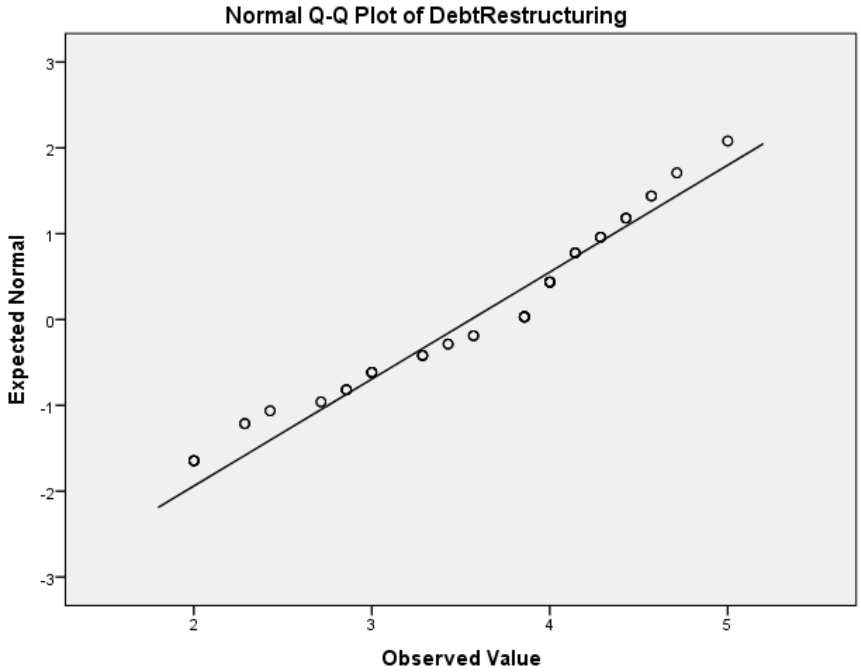
THANKS

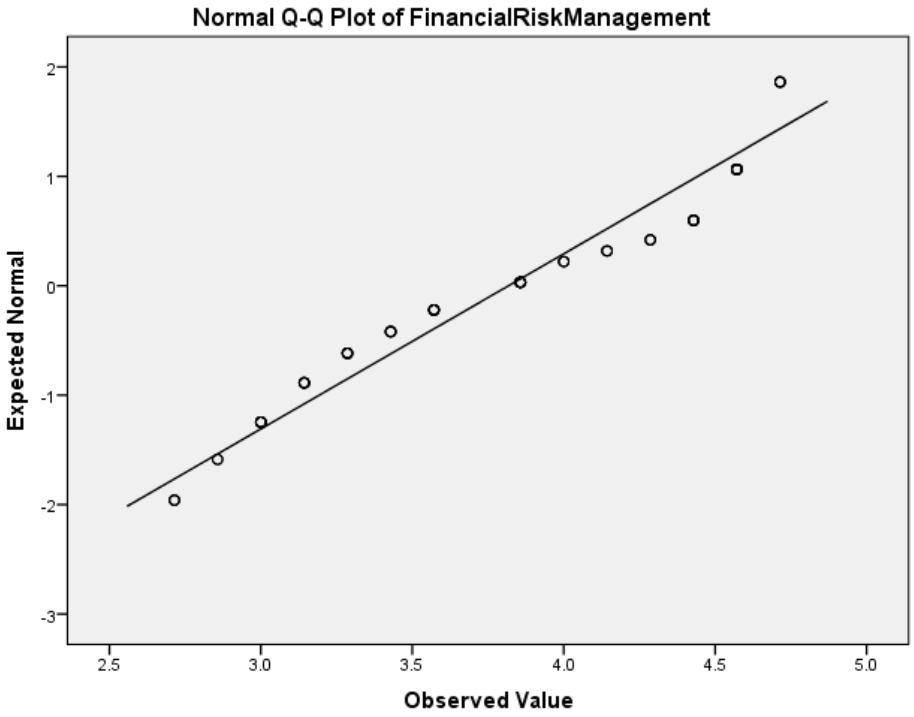
APPENDIX III: SECONDARY DATA COLLECTION SCHEDULE

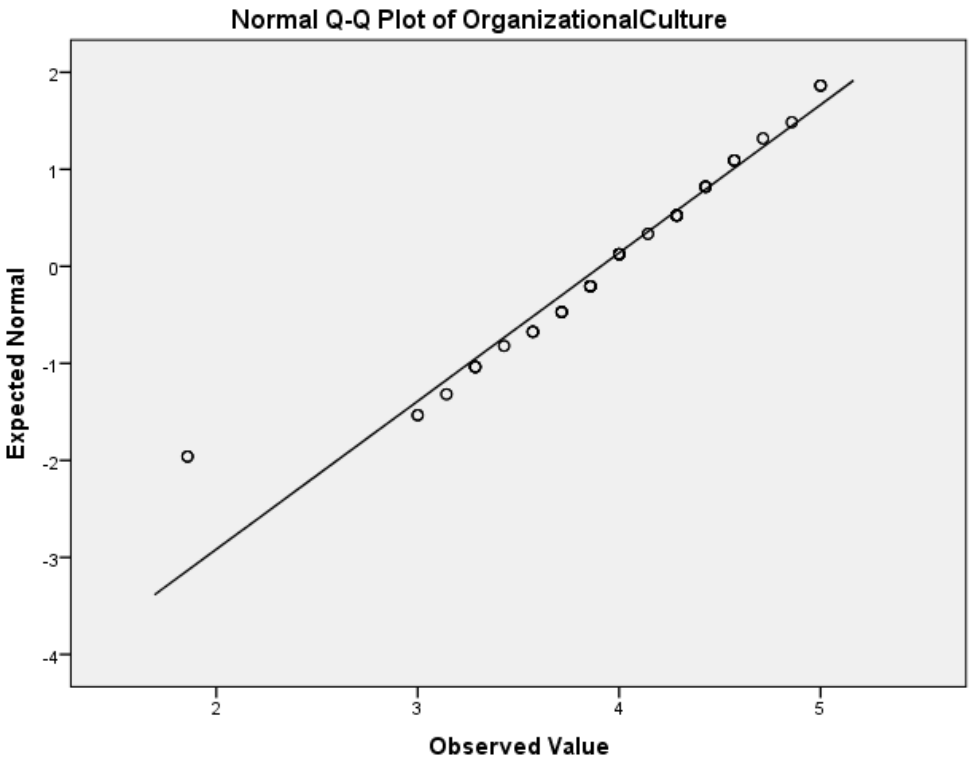
Name of Bank……..	**2017**	**2018**	**2019**	**2020**	**2021**
Revenue					
Profitability					
Operating Cost					

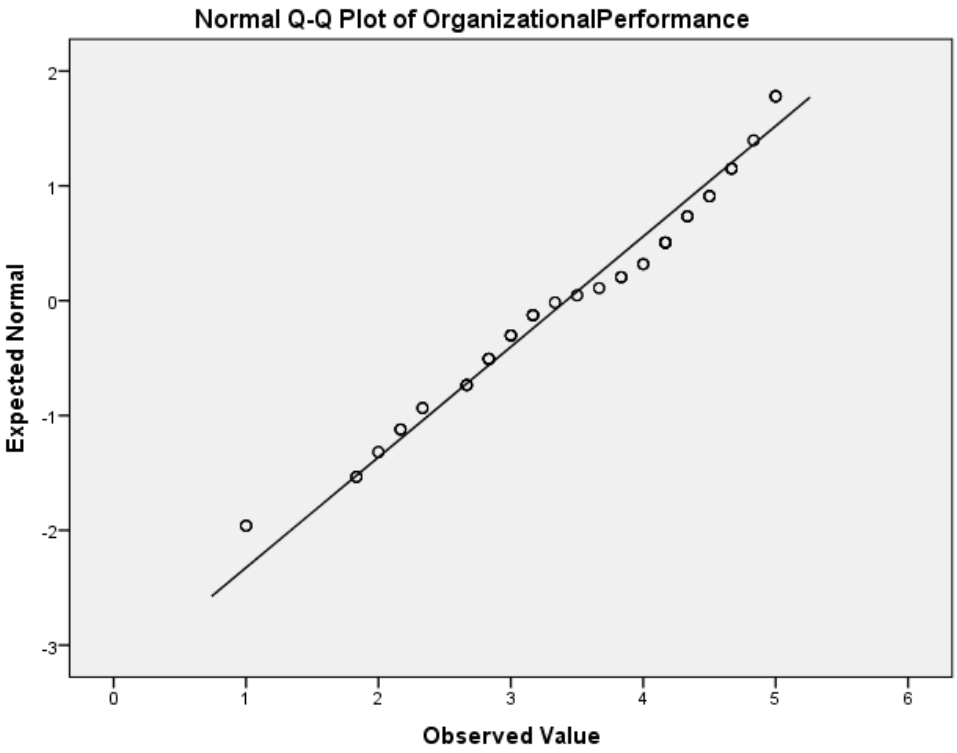
APPENDIXIV: NORMALITY






Normal Q-Q Plot of FinancialRiskManagement
Expected Normal
Observed Value
2
1
0
-1
-2
-3
2.5
3.0
3.5
4.0
4.5
5.0


Normal Q-Q Plot of OrganizationalCulture
Expected Normal
Observed Value
2
1
0
-1
-2
-3
-4
2
3
4
5


Normal Q-Q Plot of OrganizationalPerformance
Expected Normal
Observed Value
2
1
0
-1
-2
-3
0
1
2
3
4
5
6

APPENDIX V: VALIDITY RESULTS

Technological Innovation	Factor Loading
The bank adopted electronic payments to resolve problems of trust and financial transaction security with its customers	.755
The technology adopted has allowed real time transaction processing	.857
The bankimplemented varied National payment systems such as SWIFT, Real-Time Gross Settlement etc	.760
The bank has an effective artificial intelligence system to analyse customer preferences and switching intentions	.863
Technological innovation such as artificial intelligence systems' assist the bank in analysing huge chunks of data, performing calculations and prediction capabilities helps the bank in investment, loaning and underwriting decisions	.886
The banks has continuing development, deployment and management of competitive information systems and networks to enhance operational excellence	.832
Adoption of technology has led to the development of new Financial services and products, new functions, formation of new alliance	.851

Debt restructuring strategy	Factor Loading
Borrowers are allowed to refinance their existing debt to lower their interest rates	.611
Borrowers can structure their loans by lengthening the maturity date to reduce the monthly obligations	.817

Borrowers are allowed to change the payment status to interest-only for a brief period of time	.691
Debt restructuring involve consolidating debts or equity extractions for borrowers who can demonstrate loan repayment	.816
As long as the bank understands how the loan will continue to be repaid, the bank is likely to modify the terms reasonably to the benefit of the customer's ability to repay,	.676
During debt restructuring to alleviate financial stress, the bank reviews the overall risk profile of the borrower	.697
During debt restructuring, bank takes into consideration the availability of personal guarantees, additional collateral, or other protective measures	.650

Financial Risk Management Strategy	**Factor Loading**
Financial Risk Management Strategy set by the board of Directors are effectively transformed and communicated within the bank in the shape of policies and procedures by the top management	.859
The bank has an effective risk management framework (infrastructure, process and policies) in place for managing various financial risks	.600
The bank has a financial risk rating framework across all type of financing activities	.649
The bank monitors quality of the credit portfolio on day-today basis and takes remedial measures as and when any deterioration occurs	.760
The bank regularly prepares periodic report of financial risks	.649

The bank has intensive training and clearly defined structures, policies and responsibilities for managing financial risks	.664
Internal controls are in place to evaluate the efficiency of financial risk management program	.829

Organizational Culture	**Factor Loading**
There is high importance placed on bank rules, shared values, obligations and regulations at our Bank	.838
The Bank ensures clear instructions are availed to staff concerning their tasks and duties	.775
The Bank promotes creativity and innovation among employees hence employees are at freedom to ignore formal procedures and rules if it helps to get job done	.778
We are good at anticipating future changes and create adaptive ways to meet future customer demands	.883
Employees in my bank have a sense of identity and mutual trust which increases their commitment to work	.916
Employees respect each other's needs when making decisions in the Bank	.899
The management is very clear on where they want to take the bank	.932

APPENDIX VI: NACOSTI PERMIT

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Ref No: 436921

Date of Issue: 25/May/2022

RESEARCH LICENSE

This is to Certify that Miss.. Marian Nafula Barasa of Masinde Muliro University of Science and Technology, has been licensed to conduct research in Kakamega on the topic: INFLUENCE OF FINANCIAL STRATEGY IMPLEMENTATION ON ORGANIZATIONAL PERFORMANCE OF COMMERCIAL BANKS IN KENYA for the period ending : 25/May/2023.

License No: NACOSTI/P/22/17882

436921

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.