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LEVERAGING STRATEGIC EXECUTION PROTOCOL FOR COMPETITIVENESS OF COMMERCIAL BANKS IN KENYA

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ABSTRACT

The Kenyan banking industry is transforming rapidly, driven by dynamic market conditions, regulatory changes, and evolving customer expectations. This study investigated the influence of Strategic Execution Protocols (SEP) on the Competitiveness of commercial banks in Kenya. Guided by Competence-Based Theory and the Balanced Scorecard Framework, the study adopted a mixed-methods approach combining descriptive and explanatory research designs. The target population comprised top- and middle-level managers from 39 commercial banks, with data collected from 39 top-level managers and a random sample of 141 middle-level managers using semi-structured questionnaires. A pilot test confirmed the research instruments' reliability (r = 0.96) and construct validity (KMO = 0.746). Quantitative data were analyzed using descriptive and inferential statistics, while qualitative data were analyzed through thematic content analysis. The findings revealed that SEP significantly influences the Competitiveness of commercial banks ($\beta = 0.502$, $p < 0.05$). Key SEP components—strategic cognitive adaptability, effective strategy deployment, and goal alignment—emerged as critical drivers of enhanced performance. These components enable banks to adapt to market dynamics, implement strategies efficiently, and align operational actions with overarching goals. The study also highlighted the importance of clear action plans, alignment of strategic initiatives, and systematic progress tracking to ensure effective execution. Banks with robust SEP mechanisms exhibited greater adaptability, cohesive alignment, and competitive resilience in navigating dynamic market environments. The study concluded that effective strategy execution protocols are essential for maintaining Competitiveness in a rapidly evolving banking industry. Kenyan commercial banks should prioritize translating strategic goals into actionable initiatives, monitoring progress regularly, and aligning operational activities with strategic objectives. Banks can strengthen their competitive positioning and improve market performance by enhancing SEP components and fostering a culture of adaptability and strategic alignment. These findings provide valuable insights into strategic management practices in the banking sector, emphasizing the need for a structured and dynamic approach to strategy execution.

Key Words: *Commercial Bank, Competitiveness, Strategic alignment, Strategic Execution Protocol*

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INTRODUCTION

In the commercial banking industry, strategy execution continuously proves the critical determinant of organizational success and competitiveness. Strategic Execution Protocol (SEP)-over time has blossomed as a powerful mechanism for improving competitiveness through the structured alignment of operational activities with strategic objectives. Strategy execution is, therefore, the implementation of capabilities and knowledge towards resource direction for the achievement of strategic goals, involving an interplay between operations, structures, cognitions, and behaviors (MacLennan, 2010; Srivastava, 2017; Levenson, 2018; Strikwerda, 2017). Since the banking sector operates within a very dynamic context of technological changes, and regulatory evolutions coupled with changing customer expectations, the SEP specifically aims to guarantee nimble, quick adaptive apt response in banks.

For as much as it is talked about, evidence would appear to be relatively slight regarding the difficulties of strategy implementation with failure rates ranging from 50% to 80% (Nilsen, 2020; Sharma & Sharma, 2022). This high rate of failure, then, reflects fundamentally important gaps that exist between strategic intent and execution outcomes and is further liable to produce a performance discrepancy and deprive the firm of competitiveness. The results from this study support such an assertion: in that underperformance of market share growth and service differentiation, which consequently affects profitability as a whole, are identified factors, which would be caused by unsuitable mechanisms for executing strategies but not having strategic execution mechanisms aligned with goals impacts competitiveness.

The banking sector, of course, has also radically changed due to digital innovation, regulatory requirements, and the changing behaviors of customers. In other words, such transformations require transformation-sensitive mechanisms of strong strategy execution that simultaneously develop the ability to capitalize on changing market conditions and align resources with strategic goals. This is what SEP does, offering a structurally executed approach by infusing strategic cognitive adaptability plus flexibility of decision-making and aligning internal processes with strategic goals. The assumption can be grounded in Competence-Based Theory, where organizational competitive advantage infers an organization's effective development and use of key competencies in responding well to changes in the environment (Sanchez & Heene, 200200). These are further justified with the finding results of the present study that components of SEP, such as cognitive adaptability and strategy deployment mapping, enhance the alignment of strategic goals with operational execution and competitively create advantages in changing environments for banks.

Commercial banks have better ability to make the best use of their internal competencies in that they can readily align strategic objectives with operational activities and very quickly respond to market forces. This last ability is very critical to a sustained competitive advantage because banks have to steer through disruptions that comprise economic uncertainties, technological breakthroughs, and changing customer preferences. Hence, SEP guarantees the alignment of strategy and pro-active uplift of the responsiveness of the organization to new opportunities/challenges. The regression analysis in our study goes to support this statement by stating that SEP exercises an immensely and significantly positive impact on Competitiveness at a very good level of coefficient strength and statistical relevance.

The importance of strategy execution, particularly SEP, demands further clarification in terms of a more universally applicable framework and sufficient assessments in the context of Firm Competitiveness. Most studies take on a rather static view of strategy execution, thereby little in terms of understanding how firms can create the dynamics of adjusting strategic initiatives in consideration of the increasing pace of change within their environments. The findings from this research have argued for the necessity of adopting a dynamic integrative perspective of SEP, particularly within the banking sector, where business organizations are now engaging in competing through innovation, quality, and added customer value, rather than just on cost or productivity (Agyei-Oapeah et al., 2022; Kretschmer et al., 2022).

Two broad views of the literature on strategy implementation exist today: process and systemic. While the former relies on the emanation of cognitive and behavioral mechanisms, the latter pays due cognizance to structural adaptation and control systems (Anthony & Govindarajan, 2007; Kaplan & Norton, 2008). The inadequacy of these often-myriad perspectives to appropriately consider the interaction between different elements of strategy implementation further leads to fragmented initiatives of implementation. The findings of this research narrow down this gap by illustrating the interdependence amid components of SEP as well as collective ramifications of competitiveness. For example, not only the effects of strategic cognitive adaptability and alignment toward execution outcomes per se, but such synergistic effects enhance overall strategic performance. The opaque and unconnected SEP framework is the contributing factor to high failure rates of strategy execution, especially in heavy industries such as banking. This presents the statement that will be developed further in this study, which states "there is a need for a comprehensive, dynamic and context-specific SEP framework in driving sustained Competitiveness in the banking sector.

Statement of the Problem

As a matter of fact, the banking sector is one of those industries that probably face one of the most difficult challenges in executing strategies that necessarily succeed because of the very high failure rate of strategic initiatives: up to 70% of strategies fail to yield results. Major commercial banks have made big strides in digital transformation, product diversification, and customer-centric services, but still need help turning strategic objectives into operational success. This is an important mismatch highlighting the actual gap that exists. What is really needed is an effective, coherent approach to strategy execution that drives Competitive advantage by ensuring that all strategic objectives are in line with the operational activities. The empirical evidence available indicates that commercial banks, with better frameworks for executing strategies, normally do better than their peers in competitiveness measures: market shares, levels of service differentiation, and profitability. Yet SEP is not completely comprehended by commercial banks, such as its strategic cognitive adaptability, mapping of strategy deployment, and alignment of goals, and thus the diverse elements resulting in an inflexibility that limits their capacity to adequately address market dynamics. In this regard, therefore, commercial banks become quite vulnerable in losing their market positions and profitability within their very competitive and vibrant industry under pressure from regulation, technological disruption, and changing customer needs.

This study will fill this gap by examining how strategic execution protocol (SEP) drives competitiveness in the commercial banking industry. Thus, there is need to investigate the components of SEP against competitiveness so as to provide insight into how to surmount execution barriers and make sustainable competitive advantage in the sector. These will enlighten the advancement of theory on strategy execution while at the same time be useful to banks in developing their strategic capabilities and market performance.

Study Objective

This study investigated the influence of strategic execution protocol on the Competitiveness of commercial banks in Kenya.

RELATED LITERATURE

Theoretical Review

An integrated framework combines Competency-Based Theory and the BSC Framework to provide a comprehensive understanding of SEP's role in enhancing the Competitiveness of commercial banks.

Competence-Based Theory

(Hamel & Prahalad, 1994; Sanchez & Heene, 2004) An organization's competitive advantage is built on effectively developing and utilizing internal competencies. It assumes that competencies—such as resources, knowledge, and skills—can be leveraged to respond to market changes and create differentiation. Over time, this Theory has evolved to emphasize the importance of dynamic capabilities and adaptability within the organization, allowing firms to align competencies with strategic needs better. A critique of Competence-Based Theory lies in its limited focus on behavioural and contextual elements of competence development, which may affect its applicability in diverse settings. The Theory links Strategic Execution Protocol (SEP) and its sub-variables to Competitiveness by emphasizing Strategic Cognitive Adaptability (the ability of leaders and employees to adapt mental models based on strategic needs), Strategy Deployment Mapping (effective translation of strategy into operational initiatives), and Goal Alignment and Clarity (ensuring that goals are well-aligned across the organization). These elements enable banks to achieve Service Differentiation (through unique capabilities), Cost Productivity (by aligning operations for efficiency), and Market Share (by leveraging competencies to adapt to market demands).

Balanced Scorecard (BSC) Framework

(Kaplan & Norton, 1992, 2008) offers a comprehensive approach to strategy execution by linking strategic objectives to operational activities through four key perspectives: financial, customer, internal process, and learning and growth. The framework assumes that performance measurement across multiple dimensions can integrate long-term strategic objectives with short-term operational activities. Over time, the BSC has developed from a performance measurement tool into a strategic management framework, emphasizing continuous learning and adaptation. Critics argue that the BSC may lead to overemphasizing measurable indicators, potentially overlooking intangible assets such as innovation and culture. The BSC Framework links SEP and its sub-variables to the Competitiveness of banks by ensuring Goal Alignment and Clarity across the organization, which helps translate strategy into actionable initiatives. This alignment facilitates achieving Cost Productivity (through efficiency in internal processes), Service Differentiation (by aligning operational excellence with customer needs), and increased Market Share (through consistent and aligned performance).

Conceptual Framework

Strategic Execution Protocol		Competitiveness of Commercial Banks
▪ Strategic Cognitive Adaptability ▪ Strategy Deployment Mapping ▪ Goal Alignment and Clarity	→	▪ Service Differentiation ▪ Cost Productivity ▪ Market share
Independent Variable		**Dependent Variable**

Figure 1: Conceptual Framework

Strategic Execution Protocol

The Strategic Execution Protocol (SEP) is a vital framework for guiding organizations in effectively converting strategic goals into actionable outcomes. In today's complex business environment, strategic leadership is paramount, demanding leaders skilled in strategic foresight and action who can foster environments conducive to achieving organizational objectives. This necessity arises from the shift from traditional hierarchical models to more heterarchical frameworks that promote horizontal integration, collaboration, and flexibility. Such frameworks support alignment with strategic goals and improve an organization's ability to manage dynamic challenges (Mahdavian, Mirabi, & Haghshenas, 2014). Effective leadership within SEP involves setting a vision and managing the dynamic execution of strategic initiatives to yield tangible results. Kaplan and Norton (2000), Hrebiniak (2005), and Rajeskar (2014) underscore the need for understanding strategic demands and defining clear goals to measure readiness for execution. These clearly defined targets act as a compass, enhancing an organization's capacity to achieve strategic aims and aligning every action with broader objectives.

Another essential component is strategic reasoning, highlighted by Meyer (2008), which involves anticipating solutions, evaluating resources, and implementing strategies through a structured execution logic emphasizing transparency, shared direction, openness, and participation (Pisapia et al., 2016). This structure ensures all stakeholders are aligned and motivated throughout the execution process. Strategic Cognitive Adaptability (SCA) is particularly crucial within SEP, underpinning an organization's capability to navigate complexities and maintain Competitiveness. SCA comprises several dimensions: cognitive flexibility, information processing efficiency, systems thinking, and reframing and reflecting. Cognitive flexibility enables leaders to adapt their thought processes in response to changing circumstances, while efficient information processing, as described by Wieck et al. (2005), allows organizations to utilize data effectively for competitive advantage. Systems thinking, discussed by Pisapia et al. (2016) and Weissenberger-Eibl et al. (2019), helps leaders understand organizational and environmental interdependencies, fostering holistic strategic decision-making. Reframing and reflecting, highlighted by Pisapia (2005) and Al-Qatamin and Esam (2018), involves reconsidering existing strategies and perspectives to foster innovation and adaptability.

Integrating SEP components—Strategic Cognitive Adaptability, Strategy Deployment Mapping, and Goal Alignment and Clarity—ensures effective strategy execution by aligning leadership capabilities, operational activities, and strategic objectives. Strategic Cognitive Adaptability enables leaders and employees to adjust to new challenges dynamically, fostering a proactive organizational culture. Strategy Deployment Mapping translates strategic goals into actionable initiatives, ensuring coherence between planning and execution. Goal Alignment and Clarity foster a shared understanding across all organizational levels, ensuring alignment in actions and objectives. Collectively, these components enhance an organization's Competitiveness by promoting service differentiation, optimizing costs, and expanding market share. By fostering strategic adaptability, operational alignment, and stakeholder engagement, SEP provides a structured pathway for commercial banks to navigate challenges, seize emerging opportunities, and achieve sustainable competitive advantage.

Competitiveness of Commercial Banks in Kenya

Competitiveness is fundamental to fostering an efficient, open, and resilient economy. In the context of the Kenyan banking sector, Competitiveness refers to the ability of commercial banks to maintain or improve their market position relative to other banks. This Competitiveness is assessed at different levels—including firm-level performance, industry dynamics, and contributions to the national economy. As a multidimensional concept, Competitiveness is relative and context-dependent, influenced by specific market dynamics, regulatory conditions, and consumer behaviour in Kenya (Aiginger & Firgo, 2015). In the evolving landscape of Kenyan banking, achieving and sustaining Competitiveness requires a dynamic approach, as firms are increasingly affected by rapid technological advancements, regulatory shifts, and changes in consumer preferences (Aiginger et al., 2013). Competitiveness in the Kenyan banking sector is not merely about reducing operational costs or maintaining high productivity; it also involves a bank's capacity to continuously adapt, innovate, and respond effectively to customer needs and regulatory requirements. This perspective aligns with the Competence-Based Theory, which emphasizes developing key organizational competencies—such as adaptability, customer-centric strategies, and efficiency—to sustain a competitive edge (Sanchez & Heene, 2004).

Competitiveness in the Kenyan commercial banking industry hinges on excelling in several critical dimensions, including service differentiation, cost productivity, and market share expansion. Competence-based theory provides valuable insights into how developing distinctive capabilities in areas such as customer relationship management, operational efficiency, and strategic adaptability contributes significantly to the Competitiveness of banks in Kenya (Sanchez & Heene, 2004). Kenyan banks must focus on building such competencies, which are instrumental in achieving and sustaining a competitive advantage in an environment marked by high customer expectations and regulatory pressures.

Customer Service Differentiation is a key strategic component that enhances Competitiveness for commercial banks in Kenya. In a market where customers have numerous options, providing unique and high-quality customer experiences is critical. Differentiation involves understanding and addressing customer needs, delivering personalized services, and integrating customer feedback into product and service improvements, which fosters loyalty, enhances brand reputation, and drives long-term profitability (Linton & Kask, 2017). For Kenyan banks, differentiating in customer service has become even more important with the rise of digital banking and mobile financial services, where customer experience is a significant determinant of customer retention. The Balanced Scorecard Framework supports this differentiation by emphasizing customer perspectives and aligning service objectives with strategic goals, improving customer satisfaction and market performance (Kaplan & Norton, 2008). In line with the study findings, strategic execution mechanisms such as the Strategic Execution Protocol (SEP) facilitate customer service differentiation by enhancing decision-making flexibility and aligning operational processes with strategic customer service objectives.

Cost Productivity is another critical determinant of Competitiveness, particularly in the Kenyan banking industry, where cost efficiency directly impacts profitability and market positioning. Cost productivity involves adopting strategies focused on achieving cost advantages by minimizing operational expenses, optimizing resource allocation, and leveraging technological advancements to enhance efficiency (Porter, 1996; Ahmed et al., 2014). In the context of Kenyan banks, maintaining cost productivity is essential to providing affordable banking services to a price-sensitive market while preserving profitability. The SEP's emphasis on operational alignment helps Kenyan commercial banks enhance cost productivity by strategically deploying resources to optimize key processes, reduce waste, and achieve operational efficiencies. For instance, large Kenyan banks such as Equity Bank and KCB have implemented digital platforms and process automation to reduce operational costs and deliver services more efficiently, offering competitive pricing and sustaining profitability.

Lastly, Market Share is a crucial indicator of Competitiveness for commercial banks in Kenya, representing the ability to attract and retain customers in a highly competitive environment. Increasing market share requires banks to execute strategic initiatives effectively to meet changing customer demands, respond to regulatory shifts, and capitalize on technological advancements. The Dynamic Capabilities Theory emphasizes the importance of adaptability and reconfiguring resources to exploit new opportunities and respond effectively to market challenges (Teece et al., 1997). SEP supports this adaptability by providing Kenyan banks with strategic cognitive adaptability and decision-making flexibility—enabling them to launch innovative products, expand into new markets, and respond quickly to emerging customer needs. The study findings demonstrate that banks with well-implemented SEP components, such as Equity Bank, are better positioned to gain market share through proactive and efficient strategy execution, particularly in digital banking and customer-centric innovations. This has been evident in the expansion of mobile banking services and strategic partnerships, which have enhanced financial inclusion across various regions in Kenya.

Empirical Review

Strategy Execution Protocol and Firm Competitiveness

Executing strategic plans is crucial for fostering a proactive mindset that transcends traditional transactional leadership and enables transformation toward strategic goals (Davies & Davies, 2008). Effective strategy execution requires strategic thinking and mindset, essential cognitive mechanisms for leaders (Pisapia et al., 2016). Strategic Execution Protocols (SEP) have transformed strategic goals into competitive actions.

Weissenberger-Eibl, Almeida, and Seus (2019) emphasize the need for a systems-thinking approach, integrating leadership, technology, and culture for effective strategy dissemination across an organization, enhancing Competitiveness. Sloan (2014) also highlighted the role of strategic thinking in promoting organizational change and self-managed employee behaviour, which is essential for industries like commercial banking that require agility to remain competitive. Jelenc and Pisapia (2016) found that strategic skills, such as systems thinking and reframing, significantly impact behavior. Similarly, strategic cognitive adaptability (SCA) within SEP helps leaders in commercial banks align with evolving needs, maintaining a competitive edge. Pisapia et al. (2016) demonstrated that SEP supports strategic learning, allowing firms to reconfigure resources for new opportunities. However, a case study approach limits its broader applicability, indicating a need for empirical studies in commercial banking.

The literature suggests gaps in understanding how SEP components—such as strategic cognitive adaptability, strategy deployment mapping, and goal alignment—affect firm competitiveness dimensions like service differentiation, cost productivity, and market share. While SEP has potential, many organizations struggle to integrate these components effectively. In banking, Wieck et al. (2005) found that effective information processing is a significant advantage, which aligns with SEP's emphasis on adaptability and strategic alignment for rapid regulatory and market responses.

There needs to be a greater understanding of how SEP sub-components directly influence Competitiveness in the banking industry. Further exploration is needed to examine strategic deployment mapping, goal alignment, and cognitive adaptability as contributing factors to service differentiation, cost productivity, and market share in Kenyan commercial banks.

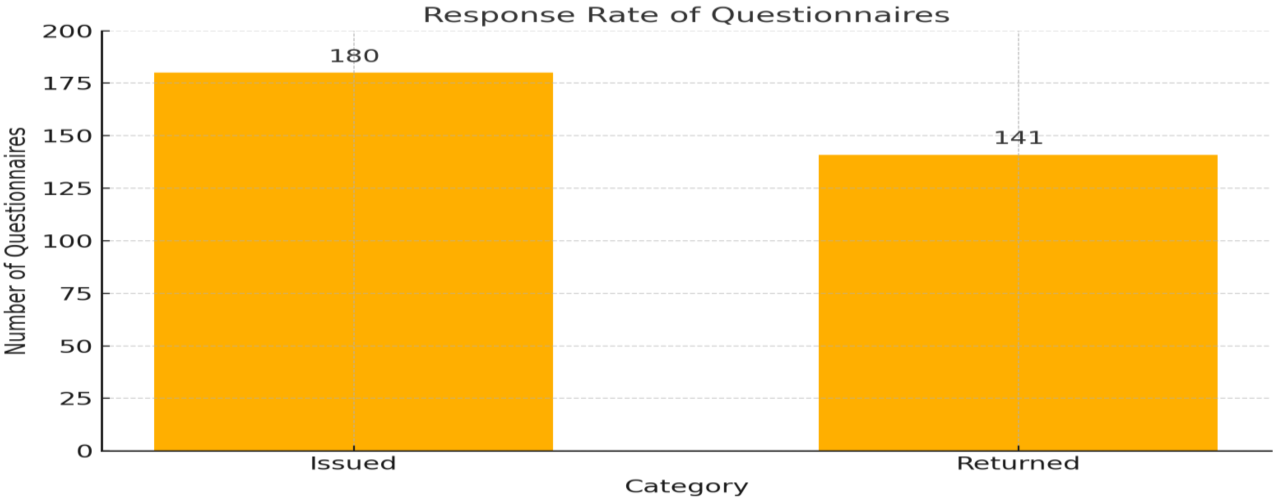
METHODOLOGY

The study employed a positivism-deductivism approach, focusing on empirical evidence and logical reasoning to investigate the impact of the Strategic Execution Protocol (SEP) on the Competitiveness of commercial banks in Kenya. A deductive method involving quantifiable observations and statistical analyses was applied to ensure robust conclusions. Utilizing an objectivist stance, the study employed both descriptive and explanatory research designs, integrating a mixed-method approach to gain a comprehensive understanding of the phenomena under study(Crowther & Lancaster, 2008; Gulati, 2009; Cooper & Schindler, 2014). The research aimed to uncover patterns and trends through statistical analysis and thematic coding, providing insights into the role of SEP in banking competitiveness(Pojman & Fieser, 2011; Saunders et al., 2009; Cooper & Schindler, 2014; Rovai et al., 2014; Merriam, 2009) through a combination of statistical analysis and thematic coding.

The study focused on 39 operational commercial banks in Kenya, which included 20 local private banks and 17 foreign institutions. The Central Bank of Kenya classified these banks into three tiers based on market share, asset base, and customer deposits: Tier 1 (eight large banks controlling 49.9% of the market), Tier 2 (14 medium-sized banks controlling 41.7%), and Tier 3 (17 smaller banks controlling 8.4%). Top-level managers from these banks were targeted to provide data for understanding strategic practices in the sector. As of December 2022, the banking sector comprised 1,475 branches and 10,956 managerial staff, reflecting the extensive operational structure of these financial institutions. This comprehensive study design enabled a thorough analysis of SEP's influence on banking competitiveness in the Kenyan context.

STUDY FINDINGS

Response Rate



Graph 1: Response Rate of the Main Study

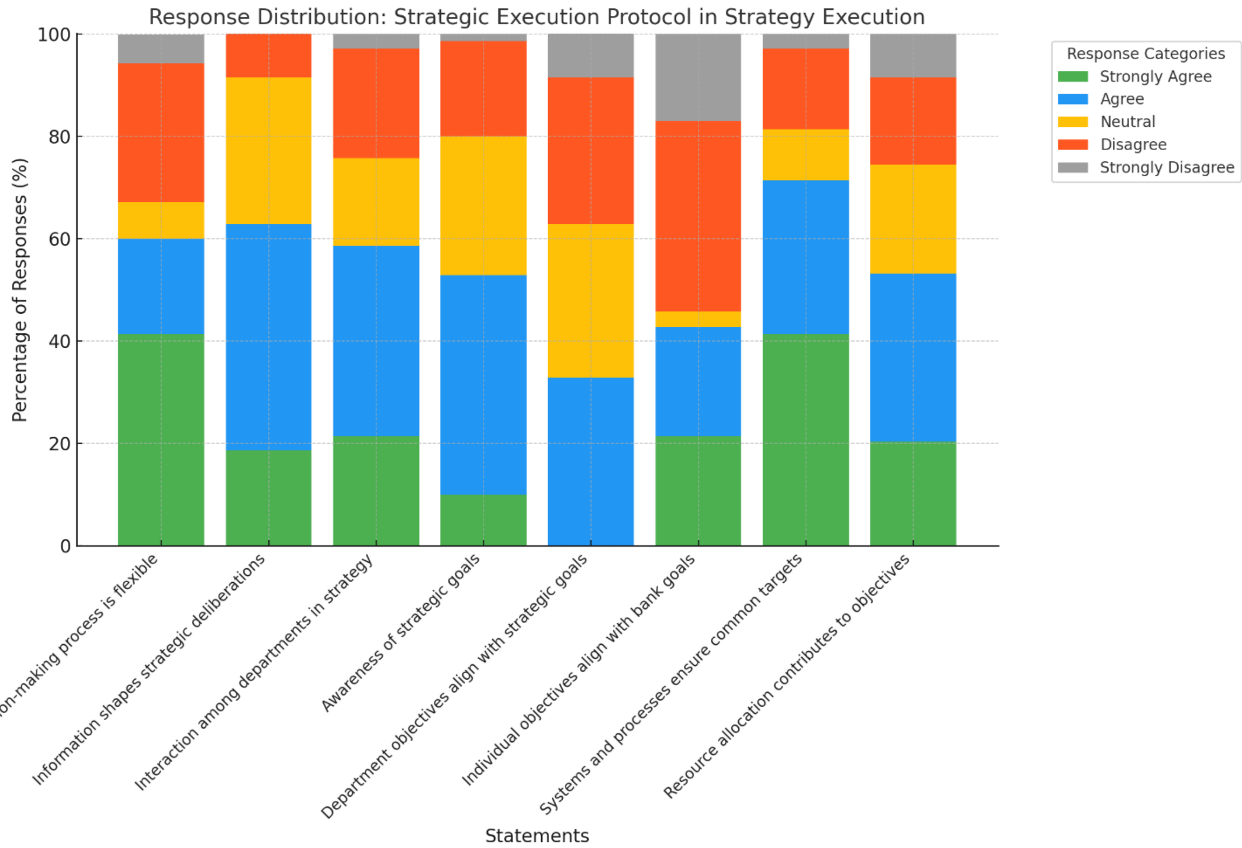
The bar chart visually represents the questionnaire response rate distributed during the study. It shows that out of 180 questionnaires issued to the target population, 141 were returned, indicating a response rate of 78.33%. The chart highlights a significant level of engagement, with the height of the "Returned" bar reflecting robust participation compared to the total issued. This strong response underscores the reliability of the collected data and ensures that the findings represent the broader population. Such participation is particularly notable given the focus on middle- and top-level managers in the banking sector, which adds depth and credibility to the study's insights on strategy execution protocols and competitiveness.

Descriptive Analysis Results

This section presents the results of the descriptive statistical analyses of the data and their interpretations. The descriptive statistics helped develop the study's basic features and form the basis of virtually every quantitative data analysis. The results were presented in terms of the study objectives.

Strategic Execution Protocol in Strategy Execution

The study's objective was to assess the influence of strategic execution protocol on the Competitiveness of commercial banks in Kenya. This objective was determined by posing several statements related to Strategic Cognitive Adaptability and Strategy Deployment. A five-point Likert scale was used to rate this variable's responses, ranging from 1 = strongly disagree to 5 = strongly agree. The results were analyzed based on the mean score and standard deviation. The closer the mean score on each item was to 5, the more agreement there was concerning the statement. A score around 2.5 would indicate uncertainty, while scores significantly below 2.5 would suggest Disagreement regarding the statement posed. The findings are presented in Graph 2 below.



Graph 2: Response distribution for strategy execution protocol

It is a stacked bar chart on which responses to the statements evaluating the SEP in strategy execution are based for commercial banks in Kenya. The visual representation is for eight key statements with the percentage of respondents within each response category for "Strongly Agree," "Agree," "Neutral," "Disagree," and "Strongly Disagree." More detailed scrutiny showed that ‘Systems and processes ensure common targets’ and "Decision-making process is flexible" scored the highest percentage of strongly Agree responses, at 41.4%. This indicates strong agreement with these dimensions of SEP—in other words, commercial banks have in place system and decision frameworks that can align strategically and are adaptive. Equally revealing, "Information shapes strategic deliberations" (44.3%) and "Awareness of strategic goals" (42.9%) emerged as having the highest percentage of Agree responses, therefore attesting generally to these components while indicating room for improvement in these areas. Conversely, "Department objectives align with strategic goals" garnered 30% Neutral, suggesting some doubt about departmental objectives being aligned with higher strategic goals. In addition, it recorded the highest levels of Disagreement at 37.2% and Strongly Disagree at 17.1% for "Individual objectives align with bank goals." Again, this shows high need levels for aligning more individual goals with the banks' higher strategic goals but surely indicates communication and operational gaps.

These findings were in line with the objective of the study, which was to assess the influence of SEP on the Competitiveness of commercial banks in Kenya. Strengths in SEP components such as decision-making flexibility and strong systems are in line with the literature asserting them as drivers of Competitiveness. For example, flexible decision-making represents one element of dynamic capabilities that provide firms with the ability to learn quickly and find new ways to make changes in the market (Teece, 2007). The role of cognitive adaptability in managing uncertainties is also highlighted by Pisapia et al. (2016). The high level of agreement on these aspects indicates that Kenyan commercial banks are, in fact, very effective in utilizing the capabilities.

Correspondingly, the Balanced Scorecard by Kaplan and Norton (2008) emphasizes the internal business processes and learning perspectives, which underlie an integrated strategy. Regarding confidence in systems and processes, there is a strong concurrence among Kenyan banks, managing to support the coordination of efforts toward common strategic objectives. Back-up secondary data information goes on to confirm, "Statutorily, capital adequacy and liquidity ratios have been maintained above requirements to underline the robustness of banks' strategic systems" (Kenya Commercial Bank, 2023). However, issues hold in resource allocation.

The mean score of resource allocation was 3.39, thereby admitting from the participants that it needed to be more agile, especially with such initiatives as digital transformation coming up. A manager with compliance mentioned that the resource allocation was good generally but lacked speed regarding the change of strategic scope. Findings are in line with the literature, supporting Teece et al. (1997) and Westerman et al. with this weakness. Secondary data reiterates the same, wherein resources are deployed slowly especially in the rural branches, as the digital transformation initiatives lag behind when compared to the more urban centres(Cooperative Bank 2021) However, challenges remain in the alignment of the individual and departmental goals with the organizational strategy. Literature, for example Hrebiniak (2005), considers the incongruity of individual and organizational goals as a major impediment to strategy implementation. This further supports that low levels of communication and resource allocation are indicative factors in this regard, as commented by Rahimic and Dulcic (2016).

Commercial Bank Competitiveness in Kenya

Finally, this study sought to establish the level of competitive pressure among Commercial banks in Kenya. This dependent variable was determined by other statements relating to Service Differentiation and Cost positioning. A five-point Likert scale was used to rate this variable's responses, where 1 = strongly disagree and 5 = strongly agree. Results were analyzed in terms of mean scores and standard deviations. For a mean score that was closer to 5 on each item indicates levels of agreement with the statement. A mean around 2.5 would indicate a lack of surety, while means well below 2.5 would connote Disagreement with the statement being made. The results are highlighted in Table 3. Table 3 presents the Insights into the Competitiveness of commercial banks in Kenya, with an aggregate mean score of 3.300 (SD = 1.042) Reflecting mixed agreement among respondents. Respondents had very low agreement with a mean score of 2.41, and 68.6% of them disagreed that banks effectively use existing resources to enhance service or product offerings. This would then mean that banks may have to fully utilize their resources to create competitive advantages, as a remark from a compliance manager states that resources are only sometimes used to enhance service or product offerings. This is where the challenge of building dynamic capabilities, as noted by Teece et al. (1997), is brought out. The secondary data drives this point home as it laments slower resource deployment, especially in rural branches for their digital efforts to catch up with urban Centres (Cooperative Bank, 2021). Meanwhile, indicators of profitability such as ROA and ROE have been volatile on account of inefficiencies of resources. For example, the ROA of KCB fell to 1.7% in 2020 over the COVID-19 pandemic but later slowly recovered to 3.7% in 2022, evidencing the influence of resource limitations on financial performance. Customer segmentation was another large area needing enhancement that scored a mean average of 4.18, with a 67.1% agreement level and 25.7% level of strong agreement. It was stated by one of the marketing managers, "The banks do customer segmentation very well to fit the specific needs of different groups, which aligns with Berry et al. (2002)," supported by secondary data, "showing those banks like KCB are increasing their market share percentages by focusing on segmentation as well as on personalized service offerings, which in turn added growth from 30% in 2013 to 80% in 2023." This strategic approach of segmentation added shares in markets and allowed solutions to be more focused in meeting diverse customer needs for finance. In contrast, service convenience, significant gaps were recorded, with a mean score of 1.93 and 42.9% strongly disagreeing. A branch manager noted, "Often services require more customer effort than they should, and this undermines the experience." According to Bain et al. (2013), convenience is a critical driver of customer retention. Similar concerns are reflected in the secondary data, which asserts that, despite enormous investments in digitization, banks yet still have to fully optimize their systems to enhance customer convenience. The failure to deliver seamless digital experiences, especially in rural areas, has added one more barrier that can be clearly assessed in lifting efforts to increase customer acquisition and retention.

Respondents had a moderate agreement that banks offer any form of personal customer experience; the mean score obtained was 3.53. This is to the effect that 44.3% agreed and another 20% did strongly disagree while 28.6% are on the line of "disagree" that such services are offered inconsistently. As emphasized by Berry et al. (2002), personalization is one of the necessary precursors for the development of customer loyalty. The secondary data pointed to the efforts being made by banks in providing tailor-made financial solutions although with some patches of inconsistencies. For instance, KCB has employed financial technology partnerships to provide tailor-made services that have greatly contributed to an increased market share. Cost positioning had a very lukewarm average mean score response of 3.37, with 15.7% disagreement. As Andreas (2008) has it, more importance attaches to operational efficiency than to cost positioning, and with the transformation to digital greatly enhancing efficiency, the consistency in the quality-of-service provision is an area hard to conquest. Secondary data point out that profitability metrics are vulnerable relative to improved operational efficiency for most banks. A case in point is the ROE of Cooperative Bank, which plunged during the pandemic period but rose again during the recovery, speaking to continued problems at the seam of cost efficiency and quality of service.

Pricing strategies had the second highest mean score, at 3.43, with 51.4% of analysts agreeing. Still, 30% were neutral about the models, which an analyst in pricing noted does not always show value perception from customers. This disconnect can undermine profits, as also noted in the study by Fernando et al. (2015). Secondary data is that even though some banks have already launched competitive pricing models, there still have to be big efforts to optimize the pricing strategies for all products and services to make them profitable. Training and development was one of the large exposure areas (mean score of 3.75, 44.3% of participants agreeing and 18.6% strongly agreeing). A human resource manager noted, "The training programs have impacted efficiency positively," which aligns with Porter's argument that employee development drives operating improvements. Secondary data supports this, with investments in training being shown to improve service delivery as well as profitability for banks, including Cooperative Bank. Operational consolidation ranked as moderately strong, with a mean score of 3.62; 24.3% strongly agree that cost efficiency improved through consolidation. Supporting data from within the sector strongly supports this trend, as is evident with a clear trend of the banking sector reducing its physical branches while increasing digital services, hence positively impacting cost savings and profitability. Digital transformation reflected a mean score of 3.52, with 44.3% agreeing and 20% strongly agreeing that reducing the operations for physical branches has maintained service levels. Supporting data secures that the adoption rate of digital banking has increased from 30% in 2013 to 80% in 2023, hence improving market share and operational efficiency (Aiginger & Firgo, 2015).

The landscape is mixed, as revealed from Table 3, for the Competitiveness of Kenyan commercial banks. There are notable strengths in customer segmentation, employee training, and digital transformation. However, large gaps are still evident in resource leverage, service convenience, and pricing strategies' alignment with customer value perceptions. Investments needed for filling these gaps would be in the form of dynamic capabilities in agility of resources, more customer-centric strategies, and better operations. These are very important areas to sustain profitability and hold market share in a competitive banking environment.

Inferential Analysis

Correlation Results for Strategic Execution Protocol

The correlation analysis seeks to establish the degree and strength of association between Strategic Execution Protocol and Competitiveness, among other variables.

Table 4: Correlation of Strategic Execution Protocol and Competitiveness

Variable	Competitiveness	Strategic Execution Protocol	Strategic Employee Alignment (SEA)	Strategic Execution Protocol (SEP)
SEP	0.6740 (p = 0.000)	1.0000	0.7655	0.5640

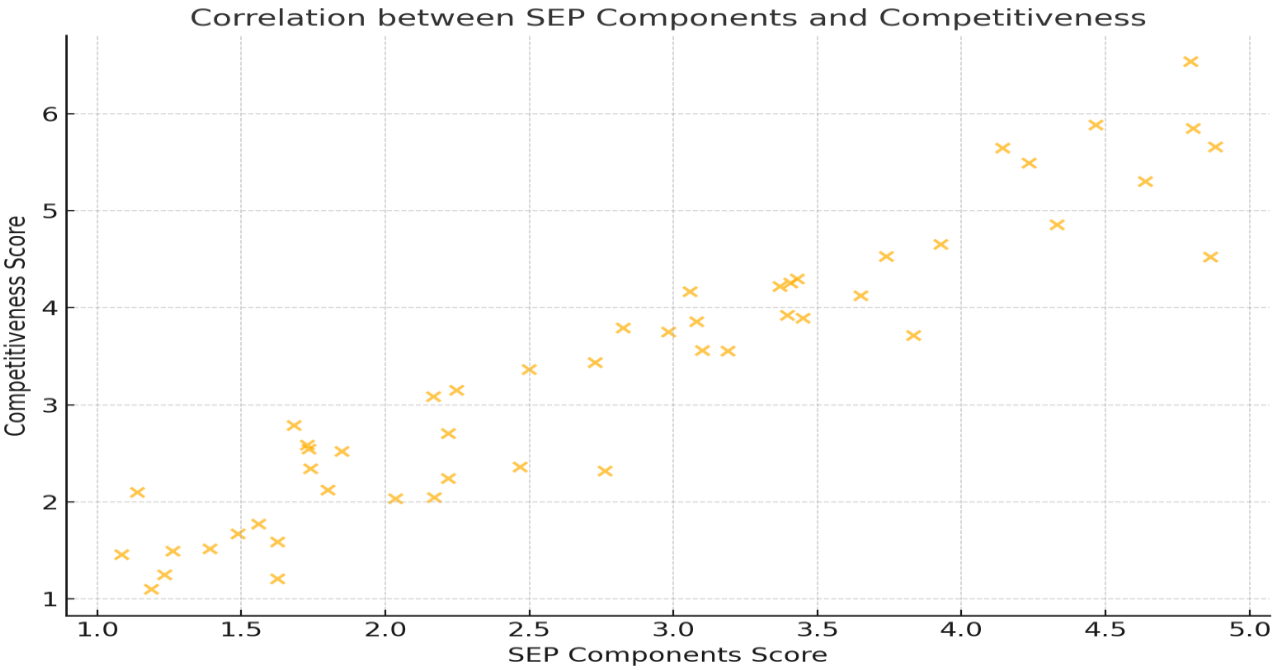


Figure 2: Correlation between SEP components and Competitiveness

The results indicate a strong positive correlation (r = 0.6740, p = 0.000) between SEP and Competitiveness. This suggests that banks with well-implemented strategic execution protocols, such as flexible decision-making and effective strategy deployment mechanisms, tend to be more competitive. This finding aligns with Teece et al. (1997), who emphasize the importance of dynamic capabilities—such as adaptability and strategic alignment—in enhancing organizational performance. The scatter plot reinforces this result by showing a clear upward trend where higher SEP scores consistently correspond to increased Competitiveness, highlighting the strength and reliability of this relationship.

The scatter plot visually demonstrates how SEP components, such as Strategic Cognitive Adaptability and Goal Alignment, directly impact Competitiveness. The clustering of points along a positive slope signifies that improvements in SEP variables lead to tangible competitive advantages. This trend supports Kaplan and Norton's (2008) assertion that cohesive strategy execution mechanisms enhance organizational responsiveness and effectiveness, especially in dynamic market environments.

Furthermore, the positive correlation suggests that banks with stronger SEP components can better leverage resources, adapt to environmental changes, and align goals, ultimately contributing to sustained market share and profitability. The visual distribution of data points also underscores the consistent relationship between SEP and Competitiveness across the sampled banks, indicating that this finding is not an isolated occurrence but a generalizable pattern.

Regression Results for Strategic Execution Protocol

The regression analysis provides insights into the impact of Strategic Execution Protocol on the Competitiveness of commercial banks.

Table 5: Regression Analysis

Predictor	Coefficient (B)	Std. Error	t-value	p-value	95% Confidence Interval
SEP	0.502	0.091	5.51	0.000	[0.322, 0.682]

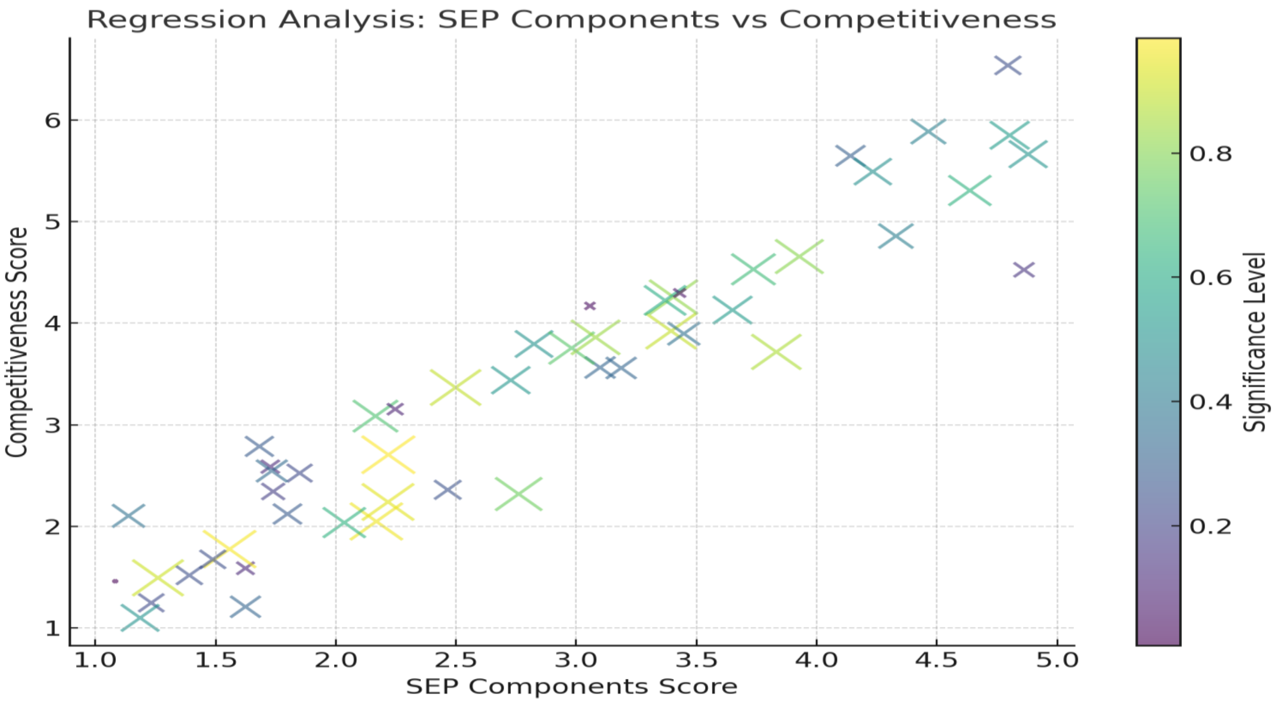


Figure 3: Regression analysis

The results of the regression analysis reveal a significant positive impact of SEP on Competitiveness (B = 0.502, p = 0.000). In other words, commercial banks' Competitiveness is expected to rise by 0.502 units for every one-unit increase in SEP, all else held constant. A positive coefficient emphasizes the dire need for an enhancement of strategic execution capabilities in cognitive adaptability and alignment of strategy deployment since such enhancements can result in great gains in Competitiveness. The scatter plot in figure 2 for SEP components plus Competitiveness shows a very clear upward trend, strongly supporting the observations made. Data points bunched together along the positive slope are an indication that, for the most part, increasing SEP scores keep coinciding with increased levels of Competitiveness. This visual aid underpins the result of the regression, driving home how important, from a practical standpoint, competitive outcomes are in research design.

The bubble chart(figure 3) helps further understand how variable the significance is across observations. The larger bubbles are, of course, the higher-level significances and are predominantly focused in the higher ranges of SEP scores. Which once again confirms that the most impactful contributions to Competitiveness occur when SEP mechanisms are well developed. This is supported by the coefficient of 0.502, showing that improvements in SEP yield meaningful enhancements in Competitiveness, mainly when strategic execution mechanisms are strong and working in practice alignment with organizational goals. The t-value of 5.51 and p = 0.000 show that the SEP effect on Competitiveness is highly statistically significant; that is to say, the observed relationship is very unlikely to be by chance. Besides, having 95% confidence bounds for [0.322, 0.682] around it, there is no zero in sight of SEP effects actuality; therefore, real effect is most probably within this range. The scatter plot being very consistent with this interval underlines robustness for the findings, since visual trends are proxying for the statistical reliability of the regression analysis.

This reveals a moderate-to-strong positive effect of SEP on Competitiveness, which strongly indicates that investment in and improving strategic execution mechanisms significantly enhance the competitive position of commercial banks. The effect size being 0.502 reflects the meaningful and practical impact of SEP on Competitiveness. That is, an improvement in strategic execution capacity brings closer meaningful effects on market performance in strategic management. Hence, SEP forms one of the critical areas upon which banks should center in improving their ability to compete. Again, since the confidence interval is relatively tight, one can establish that this result is quite precise and an estimated effect, making it quite reliable. The bubble chart studies the implications for practice of these findings. For a bank operating in a competitive environment, high levels of cognitive flexibility, mapped deployment of strategy, and goal alignment— as evidenced in the scatter and bubble plots to be highly correlated with competitiveness— could show a pathway to substantial performance gains.

Hypothesis Testing for Strategic Execution Protocol

Hypothesis testing helps determine whether there is a significant relationship between Strategic execution protocol and Competitiveness.

H0: Strategic Execution Protocol has no significant influence on the Competitiveness of commercial banks in Kenya.

Table 6: Hypothesis Testing Results for SEP

Hypothesis	Coefficient (B)	p-value	Conclusion
H0	0.502	0.000	Null hypothesis rejected (Strategic Execution Protocol has a significant influence on Competitiveness)

Table 6: Hypothesis Testing Results for SEP Hypothesis Coefficient (B) p-value Conclusion H0 0.502 0.000 Null hypothesis rejected (Strategic Execution Protocol has a significant influence on Competitiveness) From Table 6 the results show that the coefficient (B) for Strategic Execution Protocol (SEP) is 0.502, having a p-value of 0.000. This means that SEP has a statistically significant favorable influence on the Competitiveness of commercial banks in Kenya, thereby rejecting the null hypothesis (Ho). On the other hand, the results cast light on SEP components in types of strategic cognitive adaptability and effective strategy deployment and goal alignment as prime drivers of Competitiveness. The better these elements, the more equipped banks are in handling their strategies, thus directly enhancing market performance and sustainability. The results reflect that SEP is an integral part of strategic management by commercial banks in a very sure way that will lead to building up a much stronger competitive position in the sector.

CONCLUSIONS AND RECOMMENDATIONS

The findings of the study indicate that the Strategic Execution Protocol significantly enhances competitiveness among commercial banks in Kenya. Correlation analysis showed a very strong positive relationship between SEP and Competitiveness, underlining that good well-implemented strategic execution protocols— flexible decision-making, effective strategy deployment, and goal alignment— are associated with higher levels of Competitiveness. Regression analysis established this relationship beyond doubt; SEP has a significant positive effect on Competitiveness, evidenced by a high coefficient and a p-value of less than 0.05. Key components of SEP, like strategic cognitive adaptability and deployment of strategy, enable alignment of strategic goals and the effective initiation of any program across swift dynamics of the market by banks. Service differentiation, cost efficiency maintenance, and market share growth— things that stand for Competitiveness in the banking sector are delivered through these aspects. Hypothesis testing on the base of hypothesis testing has rejected the null hypothesis that SEP does not bear any significant effect on Competitiveness. In this way, SEP turns out to be a very critical determinant of Competitiveness and throws emphasis on the importance of strong execution mechanisms toward the attainment of sustainable competitive advantage. In order to support and enhance Competitiveness, banks should work on improving the following elements of SEP: decision-making flexibility, strategic alignment, and dynamic resource allocation.

Recommendations

To strengthen the strategic execution and Competitiveness outcomes in the banking sector, there is a need for policymakers to develop enabling environments that foster new innovations, adaptability, and responsiveness. Regulatory frameworks have to be flexible so that banks can respond to market changes promptly but with an obligation of ensuring compliance. Policies that encourage cross-functional collaboration and the ability of dynamic resourcing could further enhance Competitiveness by uniting the strategy of execution. Guidelines about customer-centric practices such as individual services and digitalization should also be implemented into sectoral policies to force banks to make services easy and convenient for the customer. Commercial banks should invest in training programs that develop leadership and employee cognitive adaptability with strategic thinking and scenario analysis and adaptability skills. At the individual, departmental, and organizational levels, alignment of objectives should be a continual activity via periodic reviews of the strategy's progress and sharing effective communication channels. This will thus place an effective alignment whereby the employees can relate their initiatives to wider objectives for the achievement of the bank. In order to foster cooperation, breaking down operational silos needs to be complemented with integrated project teams and technology-enabled information sharing across all the banking functions. Agile resource allocation is a further basic need that, in turn, mandates investments in real-time data analytics and decision-making tools to support dynamic resource management and quick response to opportunities or threats. The banking sector should undertake the facilitation of digital transformations that will improve customer-centric services, make interfaces easier, and decrease service delivery times, leading to customer loyalty. The digital expansion of services into remote rural areas will increase financial inclusion and Competitiveness.

It shows SEP to be a principal driver of Competitiveness and therefore further theorizing is required. Consideration might be given in future research to how strategic cognitive adaptability, strategy deployment, and goal alignment (all parts of SEP) singly and together, produce or enhance effects related to the process of strategic execution. This research adds to Competence-Based Theory by showing how internal capabilities are central to effective strategy execution and, hence, Competitiveness. The study highlights the importance of SEP as a key driver of Competitiveness, emphasizing the need for further theoretical exploration. Future research should examine the individual and combined effects of SEP components, such as strategic cognitive adaptability, strategy deployment, and goal alignment, to deepen understanding of strategic execution mechanisms. This research supports the Competence-Based Theory by demonstrating how internal capabilities drive effective strategy execution and Competitiveness. Additionally, alignment with Dynamic Capability Theory provides insights into how banks can adapt to market changes while sustaining dynamic capabilities. Further research is needed to explore how banks can maintain these capabilities under varying contextual conditions, contributing to theoretical advancements and practical applications in dynamic and regulated industries like banking.

Areas for Further Research

Future studies should explore the distinct and combined effects of SEP components on Competitiveness in the banking sector. Investigations into how cross-departmental collaboration influences strategy execution and Competitiveness would provide actionable insights for fostering integration. Research on dynamic resource management and the role of real-time data analytics in improving responsiveness is also crucial. Additionally, studies should examine the impact of customer-centric strategies, such as personalized services and digital transformation, on customer satisfaction and Competitiveness. Finally, further research should explore the alignment of SEP with Dynamic Capability Theory, focusing on sustaining Competitiveness in regulated industries under varying conditions and market dynamics.

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