ORGANIZATIONAL AGILITY AND ORGANIZATIONAL PERFORMANCE OF COMMERCIAL BANKS IN NAIROBI CITY COUNTY, KENYA

Eunice Kagendi John & Dr. Mary Ragui, PhD

The Strategic JOURNAL of Business & Change MANAGEMENT
ISSN: 2312-9492 www.strategicjournals.com
Vol. 11, Iss.2, pp 67 – 82, April 6, 2024. www.strategicjournals.com, © Strategic Journals

ORGANIZATIONAL AGILITY AND ORGANIZATIONAL PERFORMANCE OF COMMERCIAL BANKS IN NAIROBI CITY COUNTY, KENYA

[1] Eunice Kagendi John & [2] Dr. Mary Ragui, PhD

[1]Scholar (Strategic Management), School of Business, Economics and Tourism, Kenyatta University, Kenya
[2] Lecturer, School of Business, Economics and Tourism, Kenyatta University, Kenya

Accepted: March 18, 2024

DOI: http://dx.doi.org/10.61426/sjbcm.v11i2.2894

ABSTRACT

The business environment globally is dynamic, exerting strong influences on institutions. Strategic management has over time been characterized with variations as a result of the dynamics of organizational management. As such, it remains vital for organizations to have direct or indirect adjustment as regards to those changes posing as threats to their performance as well as survival in Kenya, the commercial banks are responsible for providing transaction services such as withdrawals and deposits, investment options and loan services to the citizens. Due to globalization and evolving technologies, banking institutions in Kenya have been faced with declining performances, increased inflation, competition and new prudential regulations. Various studies have been carried out at different geographical areas, using different methodology and different indicators. This research aims to investigate the influence of organizational agility on the efficiency of commercial banking in Kenya. Specifically, it seeks to explore the effects of innovation agility, information technology agility, and human resource agility on the organizational efficiency of Kenyan commercial banks. The study draws support from institutional, learning organization, and contingency theories. The research design employed was descriptive, and primary data were gathered through the distribution of questionnaires. The target population included 43 commercial banks operating in Kenya, with a proportional stratified sampling technique applied to three tiers. Purposive sampling was used for seven departments, and random sampling was applied to senior managers, IT managers, and HR managers. A pilot test ensured the validity and reliability of the questionnaire, incorporating content validity and Cronbach's Alpha internal consistency test. Statistical Package for Social Sciences (SPSS) facilitated the analysis of data, employing multiple regression analysis and descriptive statistics. The results, presented in tables, indicated that the three-agility metrics—Innovation Agility, Information Technology Agility, and Human Resource Agility—could collectively predict approximately 86.8% of the variance in overall performance. Notably, Information Technology Agility demonstrated a statistically significant positive impact on organizational performance with a coefficient of 0.244. Human Resource Agility had the most substantial positive impact, reflected in a coefficient of 0.509. However, while Innovation Agility exhibited a positive coefficient with performance (0.210), it did not attain statistical significance.

Key Words: *Organizational Agility, Organizational Performance, Commercial Banks*

CITATION: John, E. K., & Ragui, M. (2024). Organizational agility and organizational performance of commercial banks in Nairobi City County, Kenya. *The Strategic Journal of Business & Change Management,* 11 (1), 67 – 82. http://dx.doi.org/10.61426/sjbcm.v11i2.2894

INTRODUCTION

An entity-oriented setting globally is dynamic, exerting strong influences on institutions. Strategic management has over time been characterized with variations as a result of the dynamics of organizational management. As such, it remains vital for organizations to have direct or indirect adjustment as regards to those changes posing as threats to their performance as well as survival (Shahrabi, 2012). Agility refers to organizations' capacity of enduring and growing in an unpredictable and changing environment. Janssen (2010) put forward that agility stands as the ability of an organizational ability to effectively and quickly respond within an environment that changes rapidly.

Globalization has brought about transformation in the nature of the competition in the business environment (Batra, Kaushik & Kalia, 2012). In European countries, according to European Central Bank (2019), it was reported that the commercial banks have been experiencing poor financial performance due to the financial crisis they experienced which has thus affected their financial performance and overall performance. In Pakistan, the performance of telecommunication industry has been poor due to intense competition with regards to providing quality service which has thus stimulated the rising need for organizational agility (Jalal, Jehangir & Ullah (2017). Among the various organizational agility factors that contributes to organizational performance includes the use of technology, human resource and innovative technologies (Kale, 2017) to foster performance and effectiveness.

In African countries using Nigeria as a case study the banking industry indicated an overwhelming need for global presence and as such it is imperative that they adopt organizational agility to improve efficiency and organizational performance (Lasserre, 2017). Organizational agility is needed for all sectors of an economy so as to succeed within the competitive industry while attracting additional customers and investors (Okoth, 2015). However, it is essential that organizational agility is conducted in a stable environment that can handle both market demand and supply (Fartashand, 2012). In the present age, banking institutions that recognizes the need for agility and innovation was survive and strive during economic crisis (Sharma, 2017).

In Kenya, due to the presence of microfinance and credit societies which acts as a competition for commercial banks has created the need for commercial banks to adopt new technologies and resources to retain customers and financial performance (Wachira & Mwenda, 2015). For purposes of achieving improved and optimum performance, other organizations and sectors have been forced into adopting the concept of organizational agility. Kinyua (2013) opined that in order for banking sectors to thrive, there is a need for them to outperform both locally, regionally and internationally and this can only be actualized by the adoption of organizational agility factors which includes innovation agility, information technology agility and human resources agility.

According to Afolabi and Adewale (2013), banks measure performance using the CAMEL attributes such as quality of assets, capital adequacy, liquidity, earnings and management soundness. Similarly, Ngu and Mesfin (2015) measured the performance of banks using sensitivity to risk in the market, capital level, asset quality, return on assets/ equity asset utilization and efficiency ratio. As attested by Gong and Janssen (2012), a corporation's performance is related to the accomplishment of a purpose, the fulfillment of a function, and the outcomes that follow from the actions. Organizational performance is an outcome which represents competence and productivity of organizations relating to their established objectives, goals or standards (Wanyoike, 2016).

Alhadid (2016) viewed agility as innovation agility, information technology and human resource agility just like the study by Ridwandoo and Subriadi (2019). Yusheng and Ibrahim (2021) measured agility as innovation agility while Yildiz and Aykanat

(2021) measured agility as strategic agility. Tatoi and Seneji (2017) viewed agility as structural agility, operational agility and human resource agility. Barno and Alice (2018) viewed agility as human resource perspective and leadership perspective. Detoya and Gempes (2020) indicated agility as knowledge management, employee empowerment and entrepreneurship.

Kenyan commercialized banks are known for providing transactional services, investment opportunities and loan services to the public (Barno & Rotcih, 2018). According to CBK (2017), there are 43 Kenyan commercialized banking operating and they are regulated by the Central Bank of Kenya (CBK). The banking system which also comprise of commercial banks are governed by CBK guidelines which cut across capital regulation, credit regulation, liquidity regulation and foreign exchange regulations amongst others (Wangasa, 2018). Kenya has 43 major banks that are licensed, including 42 banking sector and one mortgage finance firm (CBK, 2017). The weighed composite score (number of depositors, resources, amount of loan portfolio, deposit, and equity) is used to classify commercial banks in Kenya. This makes it easier to categorize banks as major, moderate, or tiny.

A major bank's weighed composite score is greater than 5%; an intermediate banking's weighted compound indicator is between 1% and 5%; and a small banking's weighted compound indicator is less than 1%. The Banking Act, the CBK Act, the Companies Act, as well as numerous other managerial regulations provided by the CBK govern the Kenyan banking system. The CBK is the entity that conceptualizes and enforces banking system, encourages cash flow and financial health, and guarantees that the Kenyan banking industry functions properly. The globe is experiencing economic turmoil, and as a reaction, institutions have been obliged to comment to the uncertainty by changing their business plans on a regular basis and just being operationally adaptable. The 2009 annual CBK study highlighted the necessity for the banking system to maintain efficient agility despite dealing with a rapidly changing commercial market and an onslaught of fresh rules through a solid ICT base. Clients tend to want stronger operations, faster than before, and institutions have accepted the issue with fresh concepts and brand developments, business digitization, and deliberate organization's strategy stance (CBK, 2009). The achievement of Kenya's financial system has improved as a result of this.

Statement of the Problem

In accordance to Muhammed (2016), the banking industry provides financial advisory, consulting services and transactions services to customers. In Kenya, the commercial banks are responsible for providing transaction services such as withdrawals and deposits, investment options and loan services to the citizens (Barno & Rotich, 2018). Due to globalization and evolving technologies, Kenya's commercial banks have been witnessing declining performance, increased inflation, competition and new prudential regulations (CBK, 2017). It is however imperative that commercial banks adopt new strategies and organizational agility factors to stay relevant and adapt to evolving changes in the institutions divisional and in the world at large (Ngugi & Karina, 2013).

Financial performance which is known to be one of the most effective organizational effectiveness metrics (Ali, 2017) was employed to determine the level of organizational efficiency of Kenyan commercialized banking. The Kenyan Central Bank reports (2010-2017) indicated decreasing return on equity (ROE) levels of banks. The aggregate ROE of Kenyan banks was 25.98 percent in 2010, but it fell to 23.10 percent in 2011. year 2012, 21.99% was reported for ROE of commercial banks which then decreased in 2013 to 20.94%. In 2014, a further decrease was witnessed where ROE was reported at 20.88%. For the period 2017, the decrease was reported at 17.39% which represented a significant low level (World Bank, 2020). It is therefore important that organizations adopt agilities which are best in line with underlying situations.

Within a competitive business environment, several capabilities are needed. Organizations therefore need to be able to handle the dynamic market. Such ability is regarded as a strategic asset which enhances the performance of organizations. However, it is beyond the organization being agile, multiple agilities are required (Weber & Tarba, 2014). Various studies have been conducted globally. Akintokunbo (2020) analyzed human resources agility effect on the performances of deposit cash banking establishments in Nigeria but applied cross sectional research design which is a methodological gap while Alhadid conducted a research on innovation agility and organizational performance in Jordan posing a contextual gap. Jalal, Jehangir and Ullah (2017), studied information technology agility but focused on the telecommunication industry.

In Kenyan context, Tatoi and Seneji (2017) conducted a study targeted at the headquarters of the 42 commercial banks on IT agility effect on their performances but the target population consisted of all managers of the banks without being specific to respondents that have information in line with the study objective. Barno and Alice (2018) conducted research on strategic agility on the efficiency of commercialized banking but only focused on human resource agility and leadership without focusing on other aspects of organizational agility which indicates a conceptual gap. In view of the preceding contextual, conceptual and methodological gaps, the analysis sought to find out the effect of innovation agility, IT and human resources agilities on the organizational performances of the 43 commercial banks in Nairobi City County, Kenya.

Objectives of the study

The primary aim of this research was to investigate the impact of organizational agility on organizational performances of commercial banks in Nairobi City County, Kenya. The Specific Objectives

- To assess the effect of innovation agility on organizational performance of commercial banks in Kenya.
- To establish the effect of information technology agility on organization performance of commercial banks in Kenya.
- To examine human resource agility effect on organizational performance of commercial banks in Kenya.

LITERATURE REVIEW

Theoretical Review

The Institutional Theory

Dimaggio and Powell (2000) explain that companies thrive as well as prosper by aligning overall goals with the perceptions of its environment in view of Institutional Theory. According to institutional thinkers, the institutional framework could have a significant impact on the formation of organizational mechanisms in an entity, sometimes more so than economic forces. The institutional context is made up of contributors' standards and beliefs (consumers, investors, authorities, partnering entities) (Wanyoike, 2016).

To prevent the problems of novelty, businesses employ comparable approaches (Aldrich, 2004). Companies should satisfy institutional aspirations to thrive, as per institutional theory, although these standards have nothing to do with technological conceptions of efficiency achievement, which is why it is relevant to this research. Corporate actions are not only answers to economic demands, but also to institutional influences, according to institutional theory. Institutional pressures interact with other factors to determine evolutions, such as competition or marketplace forces. Institutional theory is appropriate for this research because it provides additional information about the overall economy. The Institutional Theory's central premise is that companies' proclivity for adhering to major standards, traditions, and societal expectations in their surrounding environment leads to uniformity in one ‘s buildings as well as behavioral patterns, and then that victorious businesses gather backing

and truthfulness through adhering to societal expectations (Barney, 2000). The institutional theory contribution towards the importance of agility factors made it useful for this study since this research sought to determine the effect of organization agility practices on the organizational performances.

Organizational Learning Theory

As developed by Argyris and Schon, 1978, organizational learning has to do with the efficient management of various` processes and activities involved in an organization which can be changed (Garvin, 1993). Learning however occurs in an organization and by so doing any firm type can happen to be a learning one. Learning organization comprises of several models and properties which includes that learning helps people to attain their goals, helps in the linkage of performance with organizational performance, helps in the creation of tension which serves as a renewal source for strength, helps in the creation of various learning opportunities and helps in the aspect of taking risks for individuals (Watkins & Marsick, 1993). Learning organization should possess organizational culture, regards for life as a system and dialogue practices. The concept of system thinking happens to be the backbone of learning organization as it finds a way to link all the disciplines into one general one.

The creation of a learning organization without the aid of individual learners is quite impossible. A learning organization is however very dependent on the methods, approaches and dedication of the individuals (Finger & Woolis(1994). An organization can only have access to knowledge or gather knowledge through the abilities and plans of the individuals who are composed of it. Organizational learning occurs when there's a conscious effort made concerning the enhancement of the ability of people to learn on the individual and organizational levels to create sustainable systems for the betterment of the process. A successful teamwork helps in the creation of mutual understanding among the various counterparts and in a way facilitates a very good transfer of knowledge (Garvin, 1993). The learning organizational theory was used to underpin innovation agility, information technology agility and human resource agility in this study.

Contingency Theory

Based on organizational structure and performance was introduced by Donaldson in 1965. The contingency theory opines that human resources, information technology capabilities, innovation and other resources constitute to the organizational performance of a firm (Donaldson, 2001). According to Scott (1992), the analysis of firm structure is explained by contingency theory. The demands of human resources, information technology and other aspects of an organization are to be met in line with the organizational structure. Therefore, it is quite important for organizations to form structures and departments in line with their various needs (Woodward, 1965).

In line with Mintzberg (1979), the basic contingency factors in an organization are technology, firms' assets, diversity and stability. Contingency theory describes group of defined processes and systems used to aid organizational structure. As stated by Rabey (1989), contingency theory dwells on the importance of resources and applied knowledge in transforming an organization in order to foster its growth and performance. As a result of the contingency theory's contribution towards improving organizational performance, it was used as a basis as this research aimed to assess organizational agility and organizational performances nexus.

Empirical Review

Innovation Agility and Performance

In Ghana, Yusheng *et al.* (2021) investigated innovation adoption impact on bank performances. The study gathered data from 450 people in Ghana's Kumasi metropolitan area, including bank staff and consumers. SmartPLS 3 and SPSS V.22 are also utilized to examine the data employing SEM, exploratory and confirmatory factor analyses. This investigation discovered a link amongst innovation

capability and banking performances. This investigation was in Ghana; this analysis was carried out on Kenyan banks.

Al- Taweel and Al-Hawary (2021) carried out an empirical investigation on the mediation influence of innovation capability on strategy agility and performances nexus. Purposive sampling was adopted for the study in the selection of three hundred and seventy (370) senior managers. The use of self-reported (electronic) questionnaire which was created with Google forms and sent through e-mails was utilised in collected of data. Two hundred and forty-nine (249) questionnaires were sent out and of which two hundred and twenty-four (224) were considered valid for the study. The study adopted structural equation modeling as the statistical method of hypothesis testing. The study findings observed that strategic agility significantly impacts innovation capability and organizational performance. The previous study however utilised purposive sampling. Hence, the present study made use of stratified sampling.

Yildiz *et al.* (2021) examined the mediation influence of organization innovation on strategic agility and performances. The use of an online questionnaire was employed in the administering of two hundred and sixteen (216) firms. The analysis of the data obtained was carried out using SEM analysis for the testing of hypothesis. At the end of the study, strategic agility influences firm performance and organizational performance positively. The study was focused on industries in Turkey and Kenya's commercial banks in Kenya were focused on in this analysis.

Information Technology Agility and Performance

Tallon *et al* (2019) investigated on the nexus between information technology and the pursuit of organizational agility. The study involved a targeted search for peer-reviewed research articles, which were sourced from databases. Furthermore, an additional search was conducted by exploring various academic based research websites. A cross-sectional review of research articles, conferences and IT expert's outlet was also carried out. It was concluded at the end of the research that applied and basic research is very vital in the understanding of information technology and the moving of organizational agility forward. The research was conducted in New Zealand. The current research was conducted in Kenya.

Ridwandoo *et al.* (2019) investigated on IT and organizational agility. The process of data search for the research was done manually and was carried out on significant online databases such as Springer, Google scholar, IEEE, AXM and Wiley online library. The source of the data comprises of all existing conferences and journals. After the extraction and analysis, our (4) themes were observed which entailed, IT governance and organizational agility, IT architecture and organizational agility antecedent. The study employed the use of a non-primary sources of information for the research. The present study employed the use of primary data for the research purpose.

Tomomitsu and Moraes (2019) sought to examine the progression of research on information technology and organizational agility. The data or the research was sourced from the ISI web of knowledge database. Based on the samples which were obtained for the research, forty-eight (48) articles were obtained and twenty (20) other studies. The examination of the data involved the utilization of descriptive techniques, keyword analysis, content analysis and the co-citation network analysis. The research outcomes demonstrated a positive nexus between IT and organizational agility either directly or indirectly, Brazil was the study's location. The current study was carried out in Kenya.

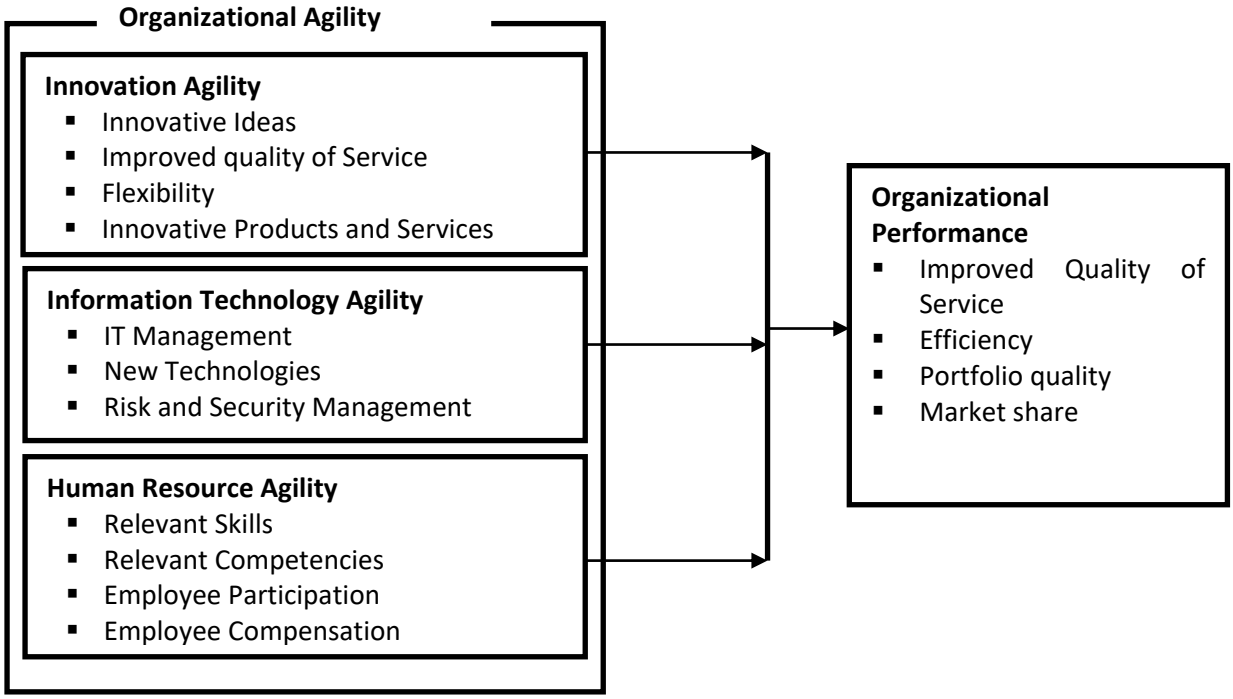
Human Resource Agility and Performance

Jalal, Jehangir and Ullah (2017) studied on organizational agility determinants on how well telecommunications perform sector in Pakistan. The study's independent variables were IT, HR and innovation agilities and organization performances as the criterion. Through random sampling, questionnaires were administered in Rawalpindi and Islamabad. The use of primary data through

gathering them with the aid of questionnaire and analysis done through inferential analysis and descriptive statistics resulted in the report that the organizational determinants have a significant effect on the organizational performance of the telecom sector. However, the findings of the previous study were based on Pakistani telecom sector as such the findings are unique to Pakistan. Therefore, this present study determined the effect of innovation agility, Technical and human resource agility on the performance of firms.

Barno and Alice (2018) in their study performed research on the effect of human resource agility on the performances of commercialized banking in Kenya. Using 447 employees as the target population and using inquiry as the raw data gathering tools, data was gathered from the respondents' answers and the dataset was employed utilizing descriptive statistics and multi-regression analysis. From the outcome of examination, it was revealed that strategic agility which includes human resource agility and leadership agility possess a substantial impact on the performances of the commercialized banks. Despite the aforementioned research's aim to examine the connection amid agility and Organizational performances, it failed to focus on innovative and information technology agility in which this present study focused on.

Conceptual Framework



Independent Variables **Dependent Variable**

Figure 1: Conceptual Framework

Source: Researcher (2023)

METHODOLOGY

The investigation adopted descriptive research pattern as it sought to determine the influence of organizational agility on organizational performances. Target population for this investigation was the 43 registered commercial banks regulated by the Central bank of Kenya and operational between 2015 and 2020 whose headquarters are in Nairobi City County, Kenya. To pick a selection from the survey's demographic, proportional stratified sampling was used. A questionnaire was utilized as the data collecting tool in this inquiry, which employed raw data. Using semi-structured questionnaires with a variety of

closed- and open-ended questions, primary data was gathered. A letter of consent was obtained from the appropriate school administration. With the use of the aforementioned letter, NACOSTI granted a research permission, which was then used to contact Kenya's commercial banks. Dataset was collected from the headquarters of these commercialized banking in Kenyan Nation. A pilot test was done for 5 respondents of Guaranty trust bank Kenya limited who were not respondents involved in the actual respondents and data collection process of the study. Aiming to ensure the tractability of the questionnaire, the questionnaire employed Cronbach-Alpha to determine the internal consistency of the research tools. Subsequent to questionnaire administration and collection, the data was analyzed using the SPSS software.

RESULTS

Response Rate

The study sought to get data from key informants with broad knowledge about management in the banking sectors. In this regard, data collection targeted the managers from Senior Management, operations, Information and Communication Technology, Human Resource Management, Finance, Planning and marketing managers of the 43 commercial banks. The study had anticipated getting a sample of 90 but out of this, the researcher was only able to collect data from 83 participants. This translates to a response rate of 92.2 per cent. As per Mugenda and Mugenda's (2003) recommendation, a response rate exceeding 70% is considered suitable for drawing inferences. In this study, the response rate has exceeded this threshold, suggesting that the responses can be considered a valid and representative sample of the population.

Descriptive Statistics

Innovation Agility

The bank generally displays a pro-innovation stance across all statements, with mean scores ranging from 3.59 to 3.96. The statement "New ideas and innovations are consistent in the bank as it leads to increased productivity" has the highest mean (3.96) and is therefore strongly agreed upon. The standard deviation for all statements lies roughly between 1.184 and 1.317. A higher standard deviation suggests greater response variability, indicating that respondents' views on innovation agility are not entirely consistent.

Overall, the bank shows a willingness to innovate and be agile, with a propensity to consistently adopt new concepts. The standard deviation figures, however, show that respondents' perceptions of these qualities vary somewhat. With a mean of 3.8025, it reveals a generally positive opinion of the bank's innovation agility and a comparatively small SD of 1.2595 1indicating that respondents have a moderate degree of agreement regarding the bank's innovation agility. There is not much variety in opinions.

Table 1: Descriptive statistics for innovation agility

Constructs	N	Mean	Std. Deviation
The bank revise and adopts new ideas to improve quality of service	83	3.59	1.230
New ideas and innovations are consistent in the bank as it leads to increased productivity	83	3.96	1.234
The bank is flexible to changes around them and changes occur everyday	83	3.80	1.257
The bank innovation ideas improve the operations and financial performance	83	3.86	1.317
Overall	**83**	**3.8025**	**1.2595**

Source: author's computation, 2023

Information Technology Agility

Nairobi banks typically exhibits a favorable attitude toward their activities' utilization of information technology information technology in their operations across all statements, with mean scores ranging from 3.67 to 3.87. The statement "The bank has consistent management in records of IT system standards and facilities available" has the highest mean (3.87), which indicates significant agreement with this assertion. The standard deviation for all statements lies roughly between 1.203 and 1.299. This shows that respondents' perceptions of the effect of information technology on the bank's operational effectiveness vary somewhat. Although there is some variety, it is not excessively high, suggesting that responders have a fair amount of agreement.

Overall, the bank appears to be optimistic about the contribution of IT to enhancing operational performance and has a propensity for consistent management of IT infrastructure and systems. However, the standard deviation numbers show that there is some variation in viewpoints. Mean being 3.7922, illustrates a favorable assessment of the bank's flexibility in embracing and making use of information technology. The standard deviation of 1.11586 denotes that there is a moderate amount of variation in responses. This shows that the respondents had a variety of opinions as far as Information technology agility is concerned.

Table 2: Descriptive Statistics for Information Technology Agility

Constructs	N	Mean	Std. Deviation
The bank has a grounded information business collaboration with other institutions which improves their operational performance	83	3.77	1.203
The bank has consistent management in records of IT system standards and facilities available	83	3.87	1.227
There is a constant information and technological growth to facilitate increased access to new improvements and quality of service	83	3.67	1.270
Information technology improves operational performance of the bank	83	3.86	1.299
Information Technology facilitates improved operational performance	83	3.83	1.218
Overall	**83**	**3.7922**	**1.1159**

Source: author's computation, 2023

Human Resource Agility

On average, participants moderately agreed with the statements presented. For instance, they indicated a moderate level of agreement regarding the positive impact of skills expansion, training, and education on operational performance, with a mean score of 3.72 and a standard deviation of approximately 1.233. Similarly, they moderately agreed that employees should participate in sharing ideas and making an impact (Mean = 3.87, Std. Dev. = 1.177), that employees should be well compensated for productive ideas (Mean = 3.84, Std. Dev. = 1.283), that a comprehensive employee skill set, knowledge base, and knowledge sharing aid organizational performance (Mean = 3.64, Std. Dev. = 1.349), and that employee improvement and resources improve the operational performance of the bank (Mean = 3.82, Std. Dev. = 1.231). When considering all these constructs together, the respondents, on average, showed a moderate level of agreement (Overall Mean = 3.778), with a standard deviation of approximately 1.2546, indicating a balanced viewpoint on the relationships between these factors and organizational performance. Results are displayed in Table 3.

Table 3: Human Resource Agility

Constructs	N	Mean	Std. Deviation
Steady expansion of employee's skills, training and education improves operational performance	83	3.72	1.233
Bank employees participate in sharing ideas, making impact and promoting the firm's operational performance	83	3.87	1.177
Employees are well compensated whenever ideas are productive	83	3.84	1.283
Comprehensive employee skill set, knowledge base and knowledge sharing aids organizational performance	83	3.64	1.349
Employee improvement and resources improves operational performance of the bank	83	3.82	1.231
Overall	**83**	**3.778**	**1.2546**

Source: author's computation, 2023

Organizational Performance

On average, participants indicated a moderate level of agreement with these statements. For instance, they expressed a moderate level of agreement with the statement that the bank strives for improvements in service quality (Mean = 3.80) and with the goal of being efficient and effective in operations (Mean = 3.75). Additionally, participants moderately agreed with the bank's aim for effective banking operations (Mean = 3.77) and the aspiration to maintain a high portfolio quality (Mean = 3.84). The statement about having a growing market share received a moderately agreeable response as well (Mean = 3.73). Overall, when considering all these constructs together, the participants, on average, showed a moderate level of agreement (Overall Mean = 3.78), with a relatively low standard deviation of approximately 1.112, indicating a reasonably consistent consensus among respondents regarding the bank's performance-related goals and aspirations.

Table 4: Descriptive Statistics for Organizational Performance

Constructs	N	Mean	Std. Deviation
We strive towards improvements in service quality	83	3.80	1.237
We strive to be efficient and effective in our operations	83	3.75	1.305
We strive towards having effective banking operations	83	3.77	1.203
We have a growing market share	83	3.73	1.335
The bank strives towards maintaining high portfolio quality	83	3.84	1.153
Overall	**83**	**3.78**	**1.112**

Source: author's computation, 2023

Inferential statistics

The subsection delves into the realm of statistical analysis moving beyond the data description above describing a bid to draw meaningful conclusions and make predictions about the subject under study. Within this subsection, correlation analysis technique is explored, which quantifies the strength and direction of relationships between variables. In addition, regression analysis, which models the influence of one or more independent variables on a dependent variable, is also analyzed. These statistical methods enable the researcher uncover patterns, test hypotheses, and infer broader insights from sample data, providing a powerful foundation for decision-making and policy recommendation.

Correlation Analysis

Table 5: presents the findings from Pearson's correlation analysis, showcasing the relationships between various key variables in the study, including organizational performance, innovation agility, information technology agility, and human

resource agility. The table reveals substantial and statistically significant correlations between these variables. Notably, organizational performance exhibits strong positive associations with all three agility dimensions: innovation agility (correlation coefficient = 0.888**), information technology agility (correlation coefficient = 0.876**), and human resource agility (correlation coefficient = 0.913**). These robust correlations imply that as organizational agility in innovation, IT, and human resources increases, there is a corresponding improvement in overall organizational performance.

Furthermore, the agility constructs themselves also exhibit strong positive interrelationships. Innovation agility, for instance, demonstrates a strong positive correlation with both information technology agility (correlation coefficient = 0.901**) and human resource agility (correlation coefficient = 0.898**). Similarly, information technology agility and human resource agility display a strong positive correlation (correlation coefficient = 0.866**). These findings suggest that a holistic approach to agility, encompassing innovation, IT, and human resources, can synergistically contribute to enhanced organizational performance. All correlations observed in the table are statistically significant at the 0.01 level, underscoring the robustness of these associations in the dataset.

Table 5: Pearson's Correlation Results

		Organizational performance	Innovation agility	Information Technology	Human Resource agility
Overall performance	Pearson Correlation	1	.888**	.876**	.913**
	Sig. (2-tailed)		.000	.000	.000
Mean for innovation agility	Pearson Correlation	.888**	1	.901**	.898**
	Sig. (2-tailed)	.000		.000	.000
Information Technology	Pearson Correlation	.876**	.901**	1	.866**
	Sig. (2-tailed)	.000	.000		.000
Human Resource	Pearson Correlation	.913**	.898**	.866**	1
	Sig. (2-tailed)	.000	.000	.000	

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

Source: Author's computation, 2023

Regression Analysis

Regression analysis, employing Ordinary Least Squares, was utilized in this study to ascertain both the magnitude and direction of the effects of independent variables. Specifically, the study focused on innovation agility, Information Technology agility, and Human Resource agility, hypothesized as potential determinants of organizational performance. The coefficient of determination of 0.868, is the percentage of the variation in the dependent variable that can be predicted by the independent variables. In this situation, the three-agility metrics can predict around 86.8% of the variance in overall performance. The high R Square value (0.868) indicates that the model is quite effective in explaining the variation in overall performance based on these agility measures. This implies that the agility in these domains significantly contributes to the overall performance of the banks. Results are displayed in Table 6:

Table 6: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.932[a]	.868	.863	.41193

a. Predictors: (Constant), Mean for Human Resource agility, mean for Information Technology agility, Mean for innovation agility

Source: author's computation, 2023

Further, to test the significance of the model, the study used the Analysis of Variance (ANOVA) technique. The F value is exceptionally high in this table (172.750) and the accompanying p-value is extremely low (0.000), indicating that the model is highly significant. This suggests that at least one of the independent factors (Mean for Human Resource Agility, mean for Information Technology Agility, and Mean for Innovation Agility) has a substantial impact on predicting the outcome. The model looks to be an excellent match for the data, and the predictors have a considerable influence on the dependent variable when combined. Table 7: shows the results.

Table 7: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	87.941	3	29.314	172.750	.000[b]
	Residual	13.405	79	.170		
	Total	101.346	82			

a. Dependent Variable: Organizational performance mean

b. Predictors: (Constant), Mean for Human Resource agility, mean for Information Technology agility, Mean for innovation agility

Source: author's computation, 2023

Table 7: presents the results of a statistical model that examines the relationship between organizational agility dimensions. These results can be interpreted and discussed within the framework of the earlier research to gain insights into the impact of these agility dimensions on commercial banking performance in Kenya.

Table 7: Regression Analysis Results

Model	**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**
	B	Std. Error	Beta		
Constant	0.140	.170		.823	.413
Innovation agility	0.210	.117	.200	1.785	.078
Information Technology agility	0.244	.098	.245	2.481	.015
Human Resource agility	0.509	.095	.520	5.348	.000

Source: author's computation, 2023

The analyzed model can be expressed in the following form:

$$OP = 0.140 + 0.210IA + 0.244IT + 0.509HR$$

Organizational Performance = 0.140 + 0.210 Innovation Agility + 0.244 Information Technology Agility + 0.509 Human Resource Agility.

The coefficient for Innovation agility is 0.210, and its standardized coefficient (Beta) is 0.200. While this indicates a robust nexus between Innovation agility and organizational performance, the result is not statistically significant at the conventional 0.05 significance level (p = 0.078). This finding aligns with

some previous literature that emphasized the importance of innovation agility but did not always find it to be statistically significant in certain contexts. Tatoi and Seneji (2017) obtained a positive coefficient for regression between innovation and organizational performance in Kenya. Their investigation highlighted the significance of innovation capabilities, including structural, operational, and human capacities, in explaining variability in commercial bank performance. While their focus was on managers, the current study introduces the concept of Innovation Agility as an important determinant of organizational performance in Kenyan commercial banks. This extends the understanding of innovation-related agility in banking. In the same breath, Yusheng and Ibrahim (2021) on a study in Ghana focused on innovation adoption and bank performance and obtained positive link amongst innovation capability and bank performance.

Information Technology Agility: The coefficient for Information Technology agility is 0.244, and its standardized coefficient (Beta) is 0.245. This indicates a positive relationship between Information Technology agility and organizational performance, and this relationship is statistically significant ($p = 0.015$). This result is in line with the literature that highlighted the significance of information technology agility in enhancing organizational outcomes. Jalal, Jehangir, and Ullah (2017) in a Pakistani context demonstrated a significant positive impact of organizational agility determinants on performance, particularly in the telecommunication sector. The current research, focusing on Kenyan commercial banking, extends this finding by showing that Information Technology agility significantly influences organizational performance. This suggests that agility in the Kenyan banking sector, specifically in IT, can drive better performance. In the context of the current research in Kenyan commercial banking, this aligns with the observed positive relationship between Human Resource agility and Information Technology agility with organizational performance. These results suggest that agility dimensions play a crucial role in enhancing bank performance in Kenya. According to the theory, technology is critical in aiding the procedures and systems necessary to support the structure of an organization, and thereby reshaping an organization to enhance its development and effectiveness.

Human Resource Agility: The coefficient for Human Resource agility is 0.509, and its standardized coefficient (Beta) is 0.520. This denotes a solidly favorable association between Human Resource agility and organizational performance, and this relationship is highly statistically significant ($p = 0.000$). This finding aligns with extant literature that emphasized the substantial influence of human resource agility on organizational performance. Detoya and Gempes (2020) studies in Davao, Philippines, established a positive connection between structural agility and the performance of commercial banks. The current study, conducted in Kenyan commercial banks, corroborates this connection, emphasizing the relevance of organizational agility in driving better performance in different banking contexts. These results align with the organizational learning theory, which suggests that human resource practices, particularly the promotion of teamwork, play a crucial role in fostering mutual understanding among different parties and, as a result, promote effective knowledge transfer (Garvin, 1993).

SUMMARY

Beginning with questionnaire response rate, reliability and validity, the study achieved a high response rate of 92.2%, indicating that the data collected is a valid and representative sample of the population. The consistency analysis, using Cronbach's Alpha coefficients, demonstrated that the measurement items related to Innovation Agility, Information Technology Agility, Human Resource Agility, and Bank's Performance are internally consistent and reliable. Regarding validity, the analysis of correlations between individual constructs and the total scale of variables showed that the research instrument used was

valid. This means that the data collected accurately represents the entire population of banks in Kenya with a 95% confidence level.

Moving on to descriptive analysis, respondents generally agreed with statements related to innovation agility, with average ratings between 3.59 and 3.96. While there was some variability in responses (as indicated by standard deviations), the overall opinion was positive, with a moderate degree of agreement. On the same note, the participants displayed a favorable attitude toward the use of information technology in banking operations, with mean scores ranging from 3.67 to 3.87. Again, there was some variability in responses, but overall, respondents had a moderate level of agreement regarding the bank's Information Technology Agility.

On human resource agility, on average, respondents moderately agreed with statements related to human resource agility, with average ratings between 3.64 and 3.87. The scores for departures from the mean indicated some variability in opinions, but there was a balanced viewpoint regarding the relationships between human resource agility and organizational performance. Finally, on organizational Performance, participants expressed a moderate level of agreement with statements related to organizational performance, with average ratings between 3.73 and 3.84. The low standard deviation indicated a reasonably consistent consensus among respondents regarding the bank's performance-related goals and aspirations.

Finally, with regards to regression analysis, the regression analysis indicated that the three agility metrics, namely Innovation Agility, Information Technology Agility, and Human Resource Agility, could predict around 86.8% of the variance in overall performance. This suggests that agility in these domains significantly contributes to the overall performance of the banks. Specifically, Information Technology Agility had a statistically significant positive impact on organizational performance, reinforcing its importance in enhancing performance. However, while Innovation Agility showed a positive relationship with performance, it did not reach statistical significance. Human Resource Agility had the most substantial positive impact on organizational performance, and this relationship was highly statistically significant.

CONCLUSION

The analysis discovered that while there is a positive connection between innovation agility and organizational performance in Kenyan commercial banks, this relationship did not reach statistical significance. However, this result should not undermine the importance of innovation agility. It suggests that while innovation agility may influence organizational performance positively, its impact in the framework of Kenyan commercial banks might be influenced by other factors, such as information technology and human resource agility which this study considered.

The study found a significant and positive link between information technology agility and organization performance in Kenyan commercial banks. This implies that an agile approach to information technology, which includes adaptability, consistency in IT management, and facilitating technological growth, significantly contributes to enhanced organizational performance. This conclusion aligns with previous literature and underscores the critical role of IT agility in improving the operational effectiveness of banks in Kenya.

Human resource agility emerged as a highly significant and influential factor in this study. The findings indicate a strong and increasing connection between human resource agility and organizational performance in Kenyan commercial banks. This implies that practices such as skill expansion, training, education, employee participation, compensation for productive ideas, and a comprehensive skill set significantly impact the performance of banks. These results emphasize the crucial role of human resource agility in driving

better organizational performance in the Kenyan banking sector.

RECOMMENDATIONS

To improve organizational performance through information technology agility, commercial banks should focus on several key areas. First, they should prioritize the continuous upgrading and modernization of IT infrastructure to ensure it remains agile and adaptable to evolving technological advancements. Additionally, implementing robust IT governance frameworks is crucial to ensure consistent management of IT standards and facilities, including strong oversight of IT systems and data security. Furthermore, commercial banks should embrace digitalization by offering digital services and channels to enhance efficiency and provide customers with convenient, accessible banking experiences.

Leveraging human resource agility for improved organizational performance requires several strategic actions. Firstly, commercial banks should invest in employee development by offering training, workshops, and educational programs. This equips staff with the skills and knowledge required to adapt to changing banking practices and contribute effectively to organizational goals. Creating a collaborative work environment is also essential, where idea sharing among staff members is encouraged as well as project collaboration. creating venues for staff members to submit creative ideas in addition to acknowledging and rewarding their contributions can motivate and inspire a culture of agility.

Moreover, it is prudent to ensure that bank staff are fairly compensated for their productive ideas and efforts. Recognizing and rewarding outstanding performance can serve as a strong motivator and help in retaining talent. Employee well-being, encompassing physical and mental health and work-life balance, should be a priority, as a content and motivated workforce is more likely to contribute positively to organizational performance. Finally, commercial banks should focus on strategic talent management, developing comprehensive strategies to attract, retain, and develop top talent within the banking sector. This involves identifying and nurturing future leaders and ensuring that performance metrics encompass not only financial outcomes but also human resource-related indicators like employee satisfaction, retention rates, and progress in personal and professional development.

Suggestion for Further Research

Data from this study was collected from 83 participants and it may not fully represent the entire population of commercial banks in Kenya. The researcher suggests doing further studies of a similar nature. with larger and more diverse samples for a broader perspective.

This study primarily relied on questionnaire-based data collection. Future research can benefit from a mixed-methods approach, incorporating interviews, observations, or secondary data sources for a more comprehensive analysis.

REFERENCES

Afolabi, B. & Adewale, A. A. (2013). Measuring Bank Performance using the CAMEL Analytical Technique in a Liberalized Economy: A Case Study of the Nigerian Economy (1971-2005). Available at SSRN

Akintokunbo, O.O. (2020). Strategic Agility and Organizational Performance of Deposit Money Banks in Rivers State. International Journal of Innovative Social Science & Humanities Research 8 (3), 103 - 113

Alhadid, A. Y (2016). The Effect of Organization Agility on Organization Performance, International Review of Management and Business Research, Vol. 5 Issue.1, 273-278

Al-Taweel, I. R., & Al-Hawary, S. I. (2021). The Mediating Role of Innovation Capability on the Relationship between Strategic Agility and Organizational Performance. *Journal of Sustainability,* 13, 7564.

Barno, N.J. & Rotich, G. (2018). Effect of Agile Strategies on Performance of Commercial Banks in Kenya. European Journalof Business and Strategic Mangement (EJBSM). Vol 3, Issue 7, pp. 1- 22, 2018.

Detoya, G. E. & Gempes, G. P. (2020). A model of organizational agility among commercial banks in Davao region in the context of internal variables. International Journal of Scientific & Technology Research, Volume 9, Issue 3, 2020.

Donaldson, L. (2001). The Contingency Theory of Organizations, Sage, Thousand Oaks.

Garvin, D. A. (1993). Building a Learning Organization. Harvard Business Review, July-Aug 71(4).

Jalal, S., Jehangir, M., & Ullah, Z. (2017). Organizational Agility Determinants and Performance: A Case of Pakistan Telecommunication Sector. Global Regional Review (GRR), Vol 2, No 12, 2017.

Kale, V. (2017). Creating Smart Enterprises: Leveraging Cloud, Big Data, Web, Social Media, Mobile and IOT Technologies, CRC Press.

Lasserre, P. (2017). Global Strategic Management. Palgrave.

Makori, A. M., Maina, W., Obiero, B., & Daniel, S. (2022). Effect of Employee Agility on Organizational Performance. A Case Study of the State Department for Labor, Kenya. *Journal of Human Resource and Leadership,* 7(1).

Mintzberg, H. (1979). The Structuring of Organization: Eaglewood Cliffs, NJ: Prentice - Hall

Mugenda, O. & Mugenda, P (2003). Qualitative and Quantitative Research Methods. Kenya.

Rabey, M. A. (1989). Technological Continuity and Change among the Andean Peasants: opposition between Local and Global Strategies. In S.E Van der Leeuw & R Torrance (eds.). What's New? A Close Look at the Process of Innovation London: Unwin Hyman pp. 167 - 181

Sharma, S. (2017). Competing for a Sustainable World: Building Capacity for Sustainable Innovation. Routledge

Tallon, P. P., &Pinsonneault, A. (2011). Competing perspectives on the link between Strategic information technology alignment and organizational agility: insights from a mediation model. Management Information System Quarterly, 35(2), 463-486.

Tomomitsu, H. T., & Moraes, R. D. (2019). The Evolution of Susies on Information Technology and Organizational Agility: A Bibliometric Analysis. *Gestao and Producao Journal,* 28(2).

Wangasa, C. N. (2018). Effect of Strategic Agility on the Performance of Commercial Banks in Kenya. Unpublished Msc. Thesis, University of Nairobi.

Wanyoike, R. W (2016). Quality Management Practices and Firm Performance Among Manufacturing Firms in Kenya

Watkins, K. E., & Marsick, V. J. (1993). Sculpting the Learning Organization. San Francisco: Jossey-Bass.

Woodward, J. (1965). Industrial Organization: Theory and Practice. London: Oxford University Press

World Bank (2020). Bank's Return on Equity for Kenya [DDEI06KEA156NWDB], retrieved, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/DDEI06KEA156NWDB.

Yildiz, T., & Aykanat, Z. (2021). The Mediating Role of Organizational Innovation on the Impact of Strategic Agility on Firm Performance. *World Journal of Entrepreneurship, Management and Sustainable Development.* Doi: 10.1108/WJEMSD-06-2020-0070.