THE EFFECT OF OPERATIONAL STRATEGY ON ORGANIZATIONAL PERFORMANCE OF COMMERCIAL BANKS IN MERU COUNTY, KENYA

ABSTRACT

Achieving optimal organizational performance is a concern for businesses, and it largely hinges on how well they adapt to the dynamic business landscape. Currently, this landscape is marked by significant turbulence in organizational performance, particularly posing challenges for managers in the banking sector. Furthermore, there has been a noticeable decline in the growth rate of most commercial banks in Meru City County, Kenya, leading to diminishing profit margins. Consequently, the implementation of functional level strategies has become crucial for banks aiming to achieve objectives such as customer retention, profit growth, increased sales, operational efficiency, and expanded market share. This research study primarily aimed to investigate how operational strategy impact the organizational performance of commercial banks in Meru County, Kenya. To conduct this research, a theoretical framework, resource-based view was used. The study utilized a descriptive research design, and a census approach was employed, targeting 19 branch managers, 19 operational managers, 19 marketing managers, 19 chief accounting officers, and 19 human resource managers in Meru County. A total of 95 respondents were selected for the sample, and data were collected using questionnaires with close-ended questions. Content validity was established through consultations and discussions with experts, academicians, and the supervisor. Reliability was assessed using the Cronbach Alpha method, and data analysis was conducted through the utilization of both descriptive and inferential statistical techniques, facilitated by the Statistical Package for Social Sciences software. The presentation of data took the form of frequency distribution tables and graphical charts. The consensus among respondents was that operational strategies exerted an influence on the organizational performance of commercial banks. Based on these findings, the study recommends enhancing operational strategies as they have a positive impact on the organizational performance of commercial banks in Meru County, Kenya.

Key words: operational strategy, control theory, performance

Introduction

Background of the Study

Organizational performance is an intricate and vital measure of an institution's ability to successfully carry out strategies that align with its objectives. Rooted in the foundational work of scholars such as Bashaer, Sanjay, and Singh (2016), organizational performance encompasses a blend of learning processes, coordination of responsibilities, and alignment with internal and external goals, all converging to define an organization's efficacy and overall success.

Examining organizational performance on a global scale, one can look to the banking system, which illustrates the concept's complexity and significance. The financial crisis that spanned from 2007 to 2008 served as a catalyst for changes in key organizational performance indicators such as profitability, capital adequacy, and liquidity. Authors like Aisen and Franken (2010) documented these shifts, demonstrating how external economic factors can deeply affect performance. More recently, the COVID-19 pandemic has imposed unprecedented challenges, further underscoring the fragility and importance of the banking system's organizational performance (Kozak, 2021). Such examples reveal the intricate link between global economic phenomena and the underlying stability of financial institutions, a relationship thoroughly explored by researchers such as Colak and Oztekin (2021).

In the context of Nigeria, organizational performance has emerged as a concern to a diverse array of stakeholders. Investors, managers, and owners alike show interest in this area, primarily driven by the need to make informed decisions around investments (Yusha'u & Yahaya, 2018). The process of evaluating past performance to predict future outcomes has become a strategic practice, transforming organizational performance from a mere metric into a vital tool for business decisions. The significance of this practice extends to other stakeholders such as shareholders, regulators, and analysts, who depend on accurate and timely information about organizational performance.

Turning to Kenya, the multifaceted nature of organizational performance is further illuminated. Studies by scholars such as Nderi and Mwangi (2015) have identified various determinants of performance, including the owner's skills in financial management, project management, leadership quality, marketing, and human resources management. However, external factors also play a significant role, and Uwase (2020) has elaborated on barriers that can impact organizational performance. These barriers include the inability to conduct research, hindering innovation, difficulty in recruiting competent and skilled human resources, inadequate capital for growth, and limited entrepreneurial skills. Each of these elements presents unique challenges and opportunities for organizations striving to enhance their performance.

In addition to these geographical perspectives, a broader understanding of organizational performance must consider its application across different industries. The aforementioned principles apply not only to the banking sector but also to manufacturing, technology, healthcare, and other fields. Each industry brings its unique attributes and challenges, offering a rich tapestry of examples and lessons to be learned. The adaptability and responsiveness of organizational performance metrics become critical in an ever-changing business environment, where technological advancements, regulatory shifts, and market dynamics continually redefine success criteria.

In conclusion, organizational performance stands as a central and multifaceted theme in the contemporary business discourse. Its complexity, influenced by a combination of internal capabilities and external constraints, reflects a dynamic interplay of factors that vary across geographical regions, sectors, and time periods. Understanding these variations and commonalities offers fertile ground for future research and practical application. As the global business environment continues to evolve and present new challenges and opportunities, the study of organizational performance remains vital. It encapsulates a myriad of concepts, methods, and practices that resonate across academic, practitioner, and policymaker domains, cementing its relevance in the constantly shifting landscape of business and organizational studies.

Organizational performance embodies the tangible results obtained when the actual output is contrasted with the expected goals or objectives of an organization. It serves as a critical parameter that enables organizations to gauge their efficacy and success (Kenny, 2019). The concept of organizational performance extends beyond mere financial assessments and encapsulates both financial and non-financial facets of an organization's achievements (Ahmed and Manab, 2016).

Organizations around the world strive to align their strategies and operations with rapidly changing business environments. In developing nations, in particular, organizations are integral to economic growth, making their performance a central focus (Gupta et al., 2020). Studies conducted in various regions, such as Pakistan, indicate that organizations need to be flexible and proactive to maintain superior performance (Rana and Malik, 2017). The current business landscape, characterized by volatility and unpredictability, adds to the complexity, requiring organizations to adopt robust strategies to ensure sustainability (Suikki, Tromstedt and Haapasalo, 2016).

The context of Nigeria further illuminates the need for strategic positioning to achieve greater organizational performance. Managers are urged to design strategies that prioritize customer satisfaction and retention to maintain market share and enhance sales volumes (Ranasinghe and Mallika, 2018). Quality of services and products, performance of employees, market performance, and service innovations are some of the multifaceted factors evaluating organizational performance, along with more traditional metrics like return on investment, sales margins, and growth in sales (Moktadir et al., 2020).

Scholars like Moon (2017) have explored organizational performance from different angles, focusing on aspects such as service quality, productivity, and innovation. Others, like Kunze, Boehm, and Bruch (2013), have approached it by examining the perspectives of top managers in financial contexts. Studies like those conducted by Homburg, Artz, and Wieseke (2012) emphasize the strong correlations between variables such as return on investment and sales growth. These various approaches to evaluating organizational performance reflect the multidimensional nature of the concept.

In commercial scenarios, measures like profits, sales volumes, and customer retention hold great significance for senior management and investors (Nkechi, 2018; Kaguri, 2016). These parameters, often highlighted in annual reports, provide stakeholders with essential insights into the organization's health and strategic direction. For instance, customer retention serves as a mirror reflecting how customers perceive the organization and is often bolstered through strategies like rewarding loyal customers.

In the banking sector, efficiency emerges as a key factor, with long-term sustainability hinging on effective management (Seeku & Fatty, 2018). Market share, another vital element, directly influences organizational performance, reflecting the strategic choices adopted by commercial banks (Belkhaoui et al., 2014; Genchev, 2012). With increasing competition in the industry, market share becomes a telling indicator of an organization's positioning and success.

In conclusion, organizational performance is a comprehensive and nuanced concept that resonates across various sectors and geographies. Its multidimensional nature offers a rich tapestry of insights into organizational achievements, strategies, and competitive positioning. As the global business environment continues to evolve, the dynamic aspects of organizational performance will remain a focal point for academics, practitioners, and policymakers. Understanding the complex interplay of factors contributing to organizational performance and recognizing the significance of both financial and non-financial metrics can guide future research and inform real-world applications, making it an enduring and vital field of study.

In Kenya presently there are 28 domestic commercial banks and 14 foreign commercial banks (CBK, 2022). The Kenyan Banking industry is the most competitive in the East African zone in accordance to a survey by IMF (Sittoni, 2013). Nineteen of these registered banks have branches in Meru County.

Key features differentiating banks are their capabilities in gaining competitive advantage and the total asset base (Ndung'u et al., 2016). Moreover, banking is a main sector in any economy and as a prime mover of the economic life, it occupies a very important position in every country (Sidana, 2017). Identification of departmental strategies has become an urgent issue to the management of the banks since the strategies have become an essential factor of any business venture to ensure survival in the sector (Goetzmann, 2009).

Over the years, the banking industry including the commercial banks in Meru has been faced with many challenges while trying to offer services (Ogutu & Nyatichi, 2012). This has been due to the liberalization of the Kenyan economy. Increased competition has also resulted in the decline of market share and profitability of the commercial banks in Meru County yet this is the major reason for their operation making this study significant.

Statement of the Problem

The success of organizational function is a pressing concern for various establishments and hinges largely on how they respond to shifts in the external environment (Contu, 2020). This involves mastering efficiency, catering to the needs of both clients and staff, and broadening their market share and revenue streams. Many domestic and international banks, including those in Meru County, face difficulties in this area due to the existing market being unpredictable, fiercely competitive, and subject to diminished trade restrictions, interest rate limitations, and deregulation, all of which have negatively impacted their overall performance (Ndungu & Bosire, 2020). Consequently, numerous commercial banks have been seeking solutions, formulating intra-organizational strategies to secure their survival and enhance their profits, sales figures, and customer retention. However, the performance of many banks continues to be problematic, with many failing to sustain or improve their performance in recent times (Otieno & Moronge, 2014). According to the Central Bank of Kenya's oversight report for 2020-2021, the rate of expansion for the majority of Kenya's commercial banks has been slowing down, leading to a concomitant decline in profitability (Central Bank of Kenya Supervision Report, 2020-2021). Further, customer satisfaction is used to assess whether products and services offered by organizations surpass the expectations of customers and the more they surpass expectations, the more organizations are able to gain customer loyalty, increase their profits and as a result, increased market share which is a challenge with most commercial banks as denoted by Munari, Ielasi and Bajetta (2013).

A review on the past studies on determinants that affect organizational performance in United Arab Emirates (UAE) was done by Bashaer, Sanjay and Singh (2016). The proposed framework was founded on theoretical research and recommended a past evaluation to determine the probable empirical applications of the framework and validation of the proposed framework of its relevance, practicality and adequacy.

Marwa (2018) investigated what variables affect the success of Kenyan banks. Performance of financial institutions was affected by cost management system and financial technology. Profit-maximization theory, contingency theory and agency theory anchored the research. The research was done in all licensed banks and financial performance was determined with ROE as the key factor. The theoretical and practical approaches of organizational performance were determined by Contu (2020). Empirical review was carried out and quantitative data collected using questionnaires. Findings revealed that achieving the proposed aims is a factor in obtaining organizational performance.

The above studies have shown that bank performance remains a concern and that there are many factors affecting their organizational performance which need organizational managers in the banking sector to design and execute strategies so that performance can be achieved and sustained and thus the research gap.

Research objective

To assess the effect of operational strategy on organizational performance of commercial banks in Meru County, Kenya.

Scope of the Study

All of the bank branches in Meru County were considered. Branch managers, operational managers, marketing managers, chief accounting officers, and HR managers were all the focus of an assessment of the banks' approaches to operational, marketing, financial, and human resource management. The sample size was 95 people. Descriptive research design was used. This research was conducted after mid of the year, a time when the management of banks evaluates the strategies implemented. Primary data was collected by use of questionnaire.

LITERATURE REVIEW

Theoretical literature review

Control Theory

This theory was proposed by Walter Reckless in 1973 and its center focus is on control mechanisms that need to be enforced at all organizational levels. Organizational structure, behavioral controls like customs and procedures or performance measurement mechanisms are the various control forms that an organization can use so that the anticipated results are obtained (Barrows & Neely, 2012).

The kinds of control systems in this theory include under behavior control where employers supervise and examine the deeds of their staffs regularly, based on the organizational standards and then give them rewards which increases their efficiency. There is output control where the staff performance is under control by rewards or approvals after an evaluation on the foundation of the standards of the organization and finally the input control system where the process of selecting and training of the employees is controlled. Nevertheless, for growth and development of the organization to take place, there is need to ensuring that employees are competent as required (Krausert, 2009). The structure, customs, procedures and administrative information of an organization are the determinants of the control system to be used since one of the three or a combination of the control system can be used (Shell, 1992).

Control theory assists in managing the performance of employees through evaluation of the system output for its stability with sets of traits that are defined beforehand.

Adjustments are done by the system controller when deviations take place (Barrows & Neely, 2012). When there is regular supervising and responses, quick and better results (sales volumes are increased, efficiency is enhanced) are generated. One of the strengths of this theory is that once the needs of the employees are aligned with the standards and requirements of an organization, the anticipated behavior will be obtained (Luria, 2008). Therefore, these requirements make this theory more pertinent since it feints as a controller in the alignment of the behaviors of employees with the behavioral standards of the organization which ultimately lead to the achievement of the anticipated performance.

On the contrary this theory assumes that employees focus on their responses that control their output quality. Nevertheless, this can negatively affect the employees decreasing their motivation and productivity level. Further, in this theory, performance of employee is also a factor of the rewards and recognition only achieved when their performance meets the organizational standards (Locke, 1991). This theory anchored the dependent variable (organizational performance).

Empirical review

This section comprises review of past scholarly work by other researchers in accordance to the study objectives.

Operational Strategy and Organizational Performance

Operations strategy influence on firms' performance was done by Wandiga (2019). Descriptive and explanatory research designs were used. Two hundred and twenty-seven (227) management consultancy firms were targeted. Stratified random sampling method was used in selecting 114 firms. Questionnaires were used in collecting data while analysis done by descriptive and inferential statistics. Results showed that operations strategy had an influence that was significantly positive. Stratified random sampling method was used while purposive sampling was employed in the current study. The current study focused on the banking industry where quality products of a bank led to its growth.

Bosire (2018) established the impact of operation strategies on performance of Scania East Africa Limited in Kenya. Survey research design that is descriptive in nature was used. 97 employees were sampled and who to respond in each department selected purposively. Questionnaires were used. Descriptive (percentages, frequencies, mean sand standard deviations) and inferential (correlation) statistics were done using SPSS. Findings revealed a relationship that was positive between operation strategies and performance. This study employed a descriptive research design rather than a survey research method. The present research will focus on the financial sector, specifically on cases where a bank has found a new market niche via creative thinking.

Gikuhe (2014) investigated how a customer-centric approach might boost the bottom line for commercial banks. We employed a descriptive research strategy and analyzed the data using descriptive statistics before running the numbers through SPSS for some serious numbers crunching. The results demonstrated that a customer-centric approach helps businesses better meet their clients' needs, which in turn boosts client happiness and the bottom line. Participants were randomly selected from all echelons of management. Nineteen operational managers, nineteen marketing managers, nineteen chief accounting officers, and nineteen human resource managers from the nineteen commercial banks with active licenses were surveyed.

Conceptual framework

Operational strategy was conceptualized in terms of quality, innovation and customer responsiveness which in turn affect efficiency. Organizational performance was conceptualized in form of profits, sales volume, customer retention, efficiency and market share.

Operational strategy

- Quality
- Innovation
- Customer responsiveness

→

Organizational performance

- Profits
- Sales volume
- Customer retention
- Efficiency
- Market share

Independent variable **Dependent variable**

Figure 1: conceptual framework

Methodology

Research design

This investigation utilized a descriptive research approach, focused on methodically and precisely characterizing a specific population, situation, or phenomenon (Mugenda & Mugenda, 2008). Such an approach was tailored to answer questions pertaining to what, where, when, and how, without delving into the 'why.' The methodology also facilitated the exploration of variables within the study and the development of regression models to forecast independent variables (Zikmund, 2003). The selection of this design was congruent with the research's objectives, which included the identification of trends and classifications within departmental strategies in commercial banking.

Target population

Shields and Rangarjan (2013) note that the target population consists of a specific subgroup within the general population, from which the investigator selected the sample for study. For the purposes of this research, the target population included 19 branch managers, 19 operational managers, 19 marketing managers, 19 chief accounting officers, and 41 HR managers from the 19 officially recognized commercial banks in Meru County, Kenya. These individuals are considered valuable respondents due to their extensive experience and significant roles in the formulation of departmental strategies, which serves as a crucial aspect of strategic management performance within the commercial banking sector.

Sampling Procedures and Techniques

The collection of primary data was employed in this study due to its high level of accuracy and originality, as information is gleaned directly from the respondents (Shawn & Terrence, 2008).

Research Instruments

The research instruments included questionnaires comprised of closed-ended questions, carefully crafted by the researcher. These questions utilized a 5-point Likert-type scale to assess the respondents' agreement levels with various research indicators. The questionnaire was divided into two sections: Section A was dedicated to gathering demographic information about the respondents, while Section B focused on addressing the research variables, in alignment with the objectives of the study.

Data Analysis Techniques and Procedures

Response Rate

A total number of 95 questionnaires were administered to the sampled respondents. According to the results, 83 questionnaires were filled which gave a return rate of 87.4%. Berk and Elzarka (2020) argued that return rates are termed acceptable, good and very good if 50%, 60% and 70% respectively are achieved and thus accepted for analysis and publication. The high return rate obtained is attributable to self-administration of the questionnaires by the researcher.

Reliability Test

Cronbach's Alpha coefficients are usually between 0-1. Coefficients that are high show that the data collection tool is more reliable (Begum & Hossain, 2019). Independent variables were operational strategy, marketing strategy, finance strategy and human resource management strategy. Dependent variable was organizational performance. Operation strategies had a coefficient of 0.605. The coefficients ranged from 0.605 to 0.844 and thus the data collection tool was reliable. According to Kumar (2018) values of 0.8-0.9 indicates high reliability while values of 0.6-0.8 indicates acceptable reliability which shows that the research instrument had acceptable reliability and therefore was reliable.

Results and Discussions

Respondent Demographic Information

These profiles included gender, age, education level, designation in the bank and the length of time the respondent had worked for bank. The profiles were presented using frequencies, percentages, tables and figures.

Respondents' Gender

The respondents were to indicate their gender and their responses are shown in Figure. Results showed that 63.1% were male while 36.9% were female.

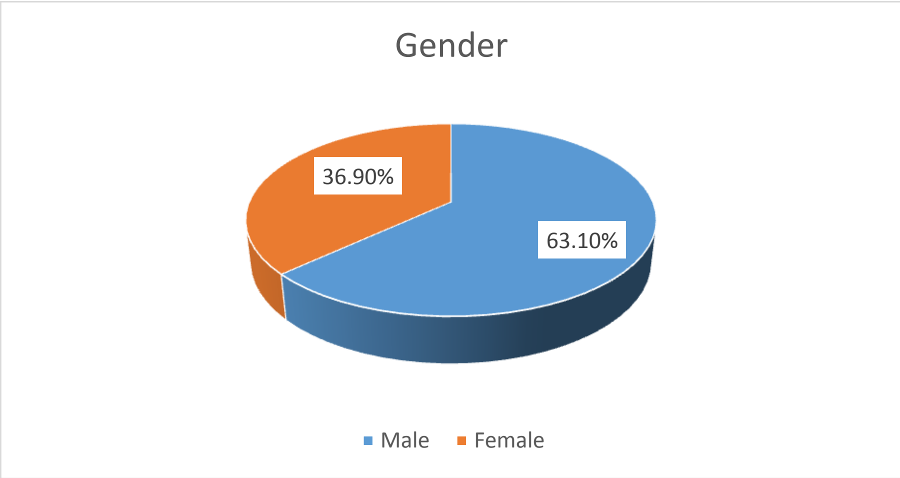

Figure 2: Gender of the Respondents

The findings of this research revealed that both genders are fairly evenly distributed in managerial positions within commercial banks in Meru County. According to a study conducted by Kisiang'ani (2016), it was found that the government, private sector, and parastatal organizations were not putting significant effort into promoting gender awareness among their employees. However, in the context of commercial banks, the results indicated substantial progress, with 36.9% of managerial roles being occupied by women.

Age of the Respondents

As shown in Table 1, the age category of 41-50 years had 35.8% of the respondents being the highest number. This was followed by 31-40 years with 25.1%, respondents aged 51-60 years were 19.0% while age category of above 60 years and less than 30 years had 12.8% and 7.3% respectively.

Table 1: Age of the Respondents

		Frequency	Percent
Valid	30 years and below	6	7.3
	31 - 40 years	21	25.1
	41 - 50 years	29	35.8
	51 - 60 years	16	19.0
	61 years and above	10	12.8
	Total	83	100.0

Respondents between the ages of 31 and 50 constituted the majority, accounting for 60.9% of the respondents. According to Welch et al., (2020), there is increased productivity among employees under the age of 50. Conversely, those under 30 or over 50 experience decreased productivity. The findings indicate that a significant portion of the employees fell within the productive age range, leading to enhanced productivity.

Education Level of the Respondents

Education level of the respondents was sought and their response is as in Figure. 54.7% of them were bachelor's holders while 24.6% were masters' holders. Further, 16.2% had diploma while only 4.5% were PhD holders.

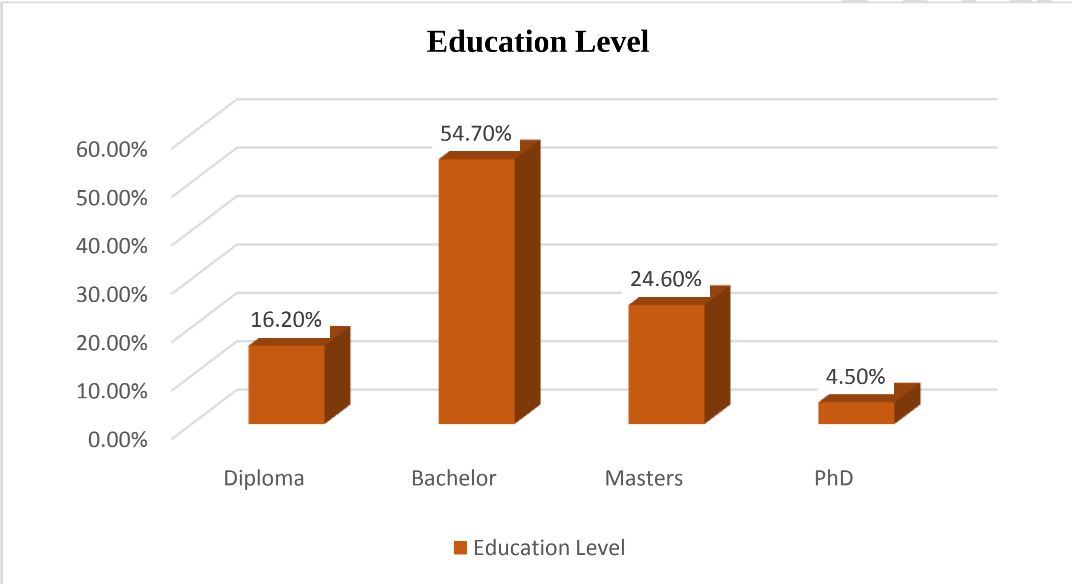

Figure 3: Educational Level

Enhanced employee performance is associated with a one-year increase in their educational attainment, resulting in a 14% rise in their organizational net worth (Flammer, Hong & Minor, 2019). Furthermore, a favorable connection is observed between higher levels of education and employee performance (Schaufeli, 2015). In the context of commercial banks, elevated education levels among employees are indicative of superior performance.

Number of Years Working for the Bank

Respondents' response on the number of years working for the commercial banks is as in Table 2.

Table 2: Number of Years Working for the Banks

		Frequency	Percent
Valid	5 years and below	12	15
	6 -10 years	46	56

11 -15 years	19	16
More than 15 years	6	13
Total	**83**	**100**

The results in the Table 2 show that 56% of the respondents have worked at commercial banks for 5 to 10 years, 16% for 11 to 15 years and 15% for less than 5 years, while those who have worked for over 15 years represented 13%.

Studies have shown that work experience has the potential to introduce employees to the world of work and thus help them learn what to do and what not to do, know where to work and learn coping with working conditions (Rasca, 2018). It's also about learning the skills of needed to succeed in the workplace. The results show that most respondents have enough professional experience, so the study evaluate the information they provide as trustworthy because they have interacted with the commercial banking system long enough.

Designation of the Respondents in the Bank

Respondents were to indicate the position they held in the commercial banks and their responses are shown in Figure.

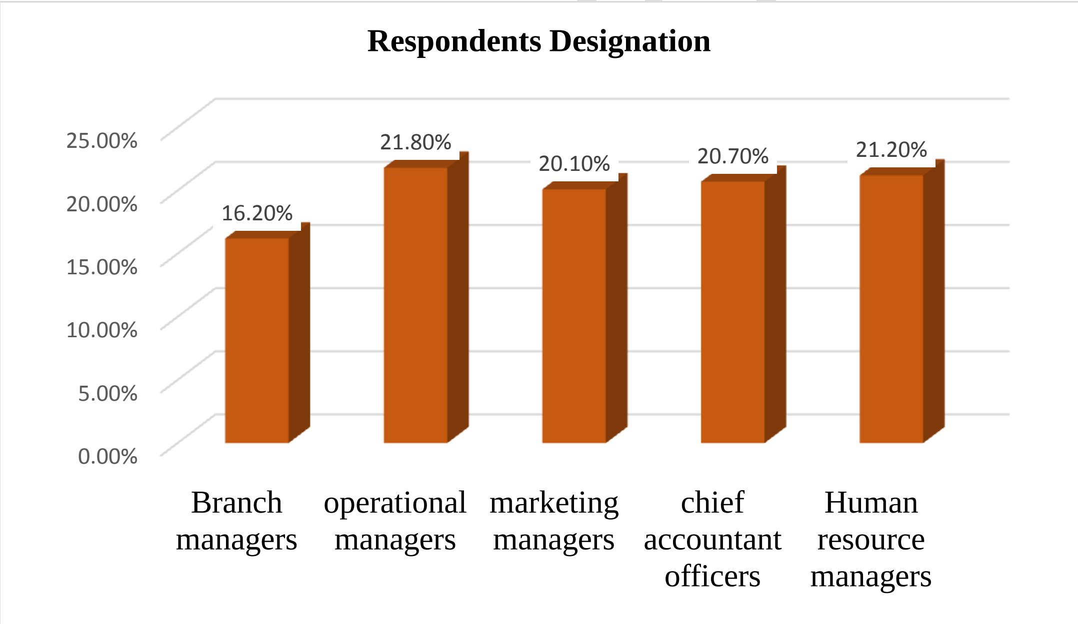

Figure 4: Designation of the Respondents in the Bank

From Figure 4, results showed that 21.8% of the respondent were operational managers, 21.2% were HR managers, 20.7% were chief accounting officers, 20.1% were marketing managers while 16.2% were branch managers. Biasness of the data was avoided by having respondents with varying designations or working in varying positions which ensured that the data was reliable.

Descriptive Analysis of Study Variables

Respondents indicated their level of agreement on the varying aspects of operational strategy and organizational performance as 1 (strongly disagree), 2 (disagree), 3 (neutral), 4 (agree) and 5 (strongly agree). Descriptive statistics were used in analysis.

Descriptive Statistics on Operational Strategy

The study sought to establish the effect of operational strategy on organizational performance of commercial banks in Meru County, Kenya. Operational strategies were conceptualized in terms of quality**,** innovation and **c**ustomer responsiveness.

Table 3: Operational Strategy and Organizational Performance

Operational strategies	Frequencies and Percentages					Mean	SD
	SD	D	N	A	SA		
Offering quality products by the bank is a strategy that has ensured growth of the bank	2 2.2%	13 15.6%	14 17.3%	18 21.8%	36 43.0%	3.88	1.19
Innovation has helped in creation of specific products for specific customers	1 1.1%	12 14.5%	13 16.2%	24 28.5%	33 39.7%	3.92	1.11
Through innovation, a niche in the market has been identified		7 8.4%	11 13.4%	20 24.6%	44 53.6%	4.23	0.98
The customer responsiveness used ensures that customers are satisfied		5 6.1%	0%	14 16.2%	65 77.7%	4.16	0.91
Our customer responsiveness strategy has created trust hence retained		3 3.9%	13 15.1%	25 30.7%	42 50.3%	4.27	0.86
Operational strategy determines organizational performance		3 3.9%	5 6.7%	37 44.1%	38 45.3%	4.31	0.76
Average						4.18	0.97

In table 3, the data indicates that respondents held varying opinions on the impact of operational strategy on organizational performance, with percentages ranging from 0% to 53.6%. The highest percentage, 53.6%, corresponds to those who strongly agreed that operational strategies influenced the performance of commercial banks. Conversely, a small percentage (3.3%) strongly disagreed with this notion. The mean values provide further insights, with operational strategy having the highest mean score of 4.31, suggesting its significant influence on organizational performance. The standard deviation, which measures the degree of variation, was relatively low at 0.76.

Additionally, the customer responsiveness strategy garnered a mean score of 4.27, indicating its role in building trust and retaining customers, with a standard deviation of 0.86. Innovation, with a mean score of 3.92, played a role in tailoring products to specific customer needs, exhibiting slight variation (standard deviation of 1.11). The strategy of offering high-quality products contributed to the bank's growth, as reflected in its mean score of 3.88, with a standard deviation of 1.19. It is important to note that operations play a pivotal role in a company's daily activities, encompassing the delivery of products and services to customers. Operational strategy significantly contributes to organizational performance by orchestrating a series of well-structured activities, ranging from resource acquisition and configuration to capability development and proficiency building. These efforts culminate in superior performance compared to other organizations, as emphasized by Wandiga (2019).

Operational strategy is an integral component of an organization's functional strategy, addressing crucial aspects of resource acquisition and configuration to achieve predetermined objectives. It aligns the organization's actions and strategic decisions with long-term operational capabilities, effectively reconciling market demands with available resources, as highlighted by Slack (2015). These findings align with the outcomes of the present study, affirming the impact of operational strategy on the performance of commercial banks

Inferential statistics.

Linear regression analysis was conducted utilizing SPSS software. The coefficient of determination elucidates the degree to which changes in independent variables are accounted for by variations in the dependent variable, incorporating all four independent variables: operational strategy, marketing strategy, finance strategy, and HRM strategy.

Table 4: Summary Model

Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	0.543[a]	0.592	0.684	0.50570

a. Predictors: (Constant), Operation strategy

Based on the findings presented in Table 4, it can be observed that an R value of 0.543 indicates a favorable influence of operational strategy on the overall performance of commercial banks. Furthermore, the adjusted R-Square value of 0.684 suggests that this strategy account for 68.4% of the variance in the organizational performance of commercial banks. This implies that the remaining 31.6% of the variance in organizational performance can be attributed to factors that were not considered in the current study.

Table 5: Analysis of variance on operational strategy

Model		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
1	Regression	0.259	1	0.259	0.973	0.325[b]
	Residual	47.040	82	0.266		
	Total	47.299	83			

a. Predictors: (Constant), Operation strategy

b. Dependent Variable: Organizational performance

ANOVA was carried out (Table 5). A P value of 0.325 was obtained which is more than 0.05. Therefore operational strategy was insignificant tested at 5% level of significance.

Table 6: Analysis of Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.111	0.583		7.046	0.000
	Operational strategy	0.010	0.071	0.011	0.142	0.887

a. Dependent Variable: organizational performance

The equation for assessing the organizational performance of commercial banks is as follows:

Organizational performance of commercial banks = 4.111 + 0.010 (0.071)

Where; Organizational performance = Constant + Operational Strategy

A one-unit increase in Operational Strategy results in a 0.034-unit enhancement.

Summary

The study primarily investigated the impact of operational strategy on the performance of commercial banks in Meru County, Kenya. To achieve the study's objectives, we conducted descriptive and inferential analyses. We established the influence of operational strategies on the performance of commercial banks in Meru County, Kenya. Specifically, the customer responsiveness strategy fostered trust and customer retention. While operational strategies indeed influenced organizational performance, the variations observed were relatively minor. Our analysis of variance indicated that operational strategy did not achieve statistical significance at the 5% level.

Conclusions

In summary, the investigation found that operational strategies exerted influence on the organizational performance of commercial banks. It was determined that operational strategies play pivotal roles in enhancing organizational performance by yielding benefits such as increased profits, higher sales volumes, improved customer retention, enhanced efficiency, and expanded market share. The analysis involving operational strategies indicated that these strategies effectively guide bank operations, optimizing the utilization of available resources. Additionally, operational strategies contribute to the long-term competitive positioning of organizations, ultimately leading to heightened levels of performance.

Recommendations

Based on the findings, the following recommendation was made. It is advisable to enhance operational strategies in commercial banks to improve employee efficiency and optimize resource management.

Limitations of the Study

The comprehension of the questionnaire by the participants could present a constraint to the research. To mitigate this, a preliminary pilot test was implemented to guarantee that the questions were easily understood. As the study was targeting management-level individuals, there may be a tendency to withhold certain information. To address this, an official authorization letter from the university was procured prior to initiating the research. Another potential challenge was the possibility that some of the selected respondents may not return the questionnaires promptly. To counteract this issue, follow-up calls were made to the respondents, ensuring an increased response rate within an acceptable timeframe.

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