



## STRATEGIC LEADERSHIP PRACTICES AND PERFORMANCE OF COMMERCIAL BANKS IN KENYA

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### ABSTRACT

This study proposal embarked on findings out the influence of Strategic leadership on performance of commercial banks in Kenya. The main aim of this study was to establish the influence Strategic leadership and performance of commercial banks in Kenya. The study used the following specific objectives to; establish the influence of Strategy Control and human capacity development on performance of Commercial Banks in Kenya. This study was guided by following theories namely; contingency theory, and dynamic capability theory. The target population of the study consisted of employees of the 39 Commercial Banks licensed in Kenya. The unit of observation comprised of 39 listed Commercial Bank in Kenya while the unit of analysis was the employees in the carder of senior management team, middle-level managers as well as managers at functional level. Systematic random sampling was used to sample 384 employees at the management level. A pilot test of 38 respondents in 4 banks was conducted to detect weaknesses in design and instrumentation. The methodology looked at the research design, study area and population, the sampling procedures and the sample, instruments of data collection, validity and reliability of research instruments, data collection procedures and methods of data analysis. The study preferred a mixed research design. The questionnaire was used as the main mode of data collection. The data was analyzed through the use of descriptive statistics. ANOVA, t-test, Pearson correlation, p- values and coefficient of determination was used in the data analysis. Data was presented using tables, figures, graphs, frequency tables, pie charts and use of histograms, frequency polygons and bar charts. The findings emphasize that effective strategic leadership, characterized by well-communicated visions, data-driven resource allocation, and employee involvement in planning, significantly enhances bank performance. Key recommendations include strategic resource allocation and integrating ethical considerations into organizational culture, which are expected to improve customer satisfaction, loyalty, and overall growth in the competitive banking sector. The study concludes that strategic leadership is a critical factor in organizational performance and success.

**Key Words:** Strategic Leadership Practices, Strategy Control, Strategic leadership

## Background of the Study

Business ventures assume a huge part in social orders and address a vital element of monetary execution of agricultural countries. As has been declared by Jones, George and Hill (2014), the limit of an association to accomplish as well as keep up with high efficiency and execution is a basic test experienced by the executives of basically all organizations today. Prominently, essential administration rehearses have been distinguished as a basic for contest and upgraded execution as it further develops productivity in regard of creation and portion of labor and products in the association. In monetary area, vital administration practices and contest has suggestions to admittance to monetary assets, portion of assets, seriousness and advancement of administration and assembling enterprises, levels of financial development and the level of monetary soundness. Contest can be a reason for animating development, bringing down costs and expanding the nature of items and administrations delivered, which therefore upgrades customers' decision and government assistance.

The financial business has experience blended results at the worldwide level in the post monetary emergency time frame from 2008-2010, there after it eased back impressively with the development pace of top 1000 banks overall excess assessed at three percent (Gartner, 2015). By and large, the emergency has been aggravated by the climate vulnerability making it very challenging to use and keep up with prevalent execution. The financial business has seen arising patterns in regard of the worldwide business sectors where web based financial arrangements are being looked for example in installment handling among others with the end goal of improving client experience as well as help client relationship the executives.

Strategic Management Trends shape the formation of strategic intent which influences successful strategic practices in an organization. Strategic Management Trends also enable organizational leaders to influence their followers to contribute effectively to the accomplishment of the goals and objectives of the organization Covin and Slevin (2017) define Strategic Management as the leader's ability to predict, and maintain flexibility and to empower others to create strategic change as necessary. Shao (2019) defines SL as a leader's ability to anticipate, imagine, keep up with adaptability, think in an intelligent way and work with devotees to start changes that make a feasible future for the association. Golensky and Hager (2020) adds that SL is multi-functional and relates to managing others as well as organizations in managing the challenges of today's globalized business environment. Strategic Management also requires expertise in managing both internal and external business (Norzailan, Othman & Ishizaki, 2016).

According to covin et al., (2016), a strategic leader possesses critical characteristics which include but not limited to future orientation, cognitive ability, ability to focus on the big picture, interpersonal relations, propensity to act and risk taking. Likewise, from empirical studies on Strategic Management Trends, these practices are identified as involving determining strategic direction, exploring and maintaining unique core competencies, developing human capital, sustaining an effective organizational culture, emphasizing ethical practices and establishing balanced strategic controls (Jooste & Fourie, 2010).

It has been suggested that Strategic Management focuses on implementing knowledge management (Jain & Jeppesen, 2013). Jain and Jeppesen (2013) emphasized that Strategic Management is another important knowledge management enabler and plays a critical role in implementing knowledge management for three reasons: establishment of vision for the organization as well as developing an action plan for the implementation of that vision; identification of opportunities that generate knowledge; and championing and influencing cultural and organizational transformation since knowledge management involves modifying processes, practices, and organizational structures. Makambe and Pellissier (2015) explained that knowledge management involves changing practices, policy and often organizational structure, the senior leader must set the framework for the transformation, other factors such as

culture and information technology infrastructure come second, but they are also the strategic leader's initiative.

The banking sector in Kenya can be described as vibrant and growing. It compares favourably with other developing economies in terms of contribution to economic growth. By December 2015, Kenya had one Central Bank as a regulatory authority, 44 Commercial banking Institutions, seven Representative Offices of Foreign Banks, nine Microfinance Banks, two Credit Reference Bureaus and 101 Forex Bureaus (CBK, 2013). Based on their size (in terms of assets), of the 44 banking institutions, six are classified as top commercial banks.

In its, yearly administrative report, the Central Bank of Kenya (CBK) noticed that natural disturbance has not saved the monetary area in Kenya. This situation has been exacerbated by increasing innovation based contest, a climb in functional expenses because of the slow development of economy, decreased cost of acquiring, awful obligations, covered loan fees among others (CBK, 2017). Thus, a few business banks have encountered change in execution that has verged on monetary misfortunes. The resulting prospect of horrible showing has made truly the chance of occupation cut as conservation and cutbacks and especially provided the reality with various business banks are as of now carrying out an extreme program of shutting down some of their branches for the sake of upgrading effectiveness. This unfurling situation makes it basic for the executives embrace key administration rehearses yet to upgrade the cutthroat position and acknowledge further developed execution.

Vital administration might be seen as an assortment of choices and activities that outcomes in the definition and execution of plans intended to accomplish the goals of a firm (Pearce and Robinson, 2012; Coultler, 2015). In this manner, key administration rehearses envelop a bunch of authoritative exercises that outcomes in essential goal, detailing of plans, execution and control of the presentation in a business endeavor. Thompson and Strickland (2017) attested that the administrative work of planning a technique and directing its execution has five recognizable undertakings. These errands incorporate figuring out an idea of the business and a dream of where the ideal future condition of the association, making an interpretation of the mission into particular long-reach and short-range execution goals, creating a procedure that matches organization's circumstance and that can possibly deliver the designated execution, carrying out the picked procedure proficiently and successfully, assessing execution and starting restorative measures. It has been seen that associations, whether for benefit or non-benefit, private or public absolute requirement of need take part in essential administration practices to help with acknowledgment of their corporate objectives (Kinyua, 2018).

### **Statement of the Problem**

The emerging trends and the dynamic conditions of the financial sector make it imperative for commercial banks to consider developing mechanisms for competition in order to enhance the ability to survive and succeed in the market place (CBK, 2014). The heightened competition in the banking industry in the recent past has been associated with fluctuations of market share and performance among the players. The advancement in technology has made it possible for customers to gain unfettered information about competing products that was hitherto not available, catalyzing increasing demand for higher quality services and product albeit at lower prices.

As other players in the financial sector, Commercial Banks jostling for market share in the face of significant challenges posed by stiff competition emanating from the sector as well as from mobile telephony providers that have introduced innovative alternative products to conventional banking products (KCB, 2016) Pateman (2015) examined the effect of strategic direction on knowledge creation and transfer in the Australian logistics industry. This empirical investigation was exploratory in nature but made use of a mixed research design to allow the researcher to collection of both qualitative and quantitative information. The ongoing review is has logical predisposition towards execution Commercial Banks in Kenya.

Ongore (2015), explored on components of execution in monetary terms of business banks in Kenya, this examination is turned on the outside and inner elements influencing execution of business banks in Kenya. However much the setting is comparable, there is a period and reasonable contrasts, highlighting a researchable hole. Samaitan (2015) conducted a research on leadership styles and execution of commercial banks in Kenya. Samaitan (2016) in her proposal expressed that more parts of authority quality could be concentrated on in future including administration style and return on resources, leadership style and Return on investment. In order to obtain in totality the relationship with performance. This study identified a gap on research specifically on performance but narrowed to ROA and ROE, this are concepts of the financial performance that are key in this research. She focused on leadership in commercial banks in Kenya. This research focuses on Strategic Management in commercial banks. Pointing to a contextual and conceptual difference hence a gap in the study is identified.

The banking sector as an economic area in Kenya has enlisted nearly great execution in Kenya and, surprisingly, in contrast with the financial area execution in the EAC part nations according to the viewpoint of most proportions of execution. For example, Ernst&Young (2021) notes that the banking assets in Kenya grew in 2020 by 16% which was 3.3 times faster than the GDP growth of 4.9%. This was the fastest growth in the region as Uganda, Tanzania and Rwanda achieved multiples of 2.4 times, 2.0 times and 1.6 times, respectively. Similarly on measures of return on assets, return on equity, efficiency, and capital adequacy, Kenya's banking sector still performs better than her peers in the region (Ernst&Young, 2021). While the exhibition could be owing to administrative measures that have been set up since the financial area's difficult time of 1980s and 1990s, the other contributory component could be successful execution of procedure in the individual banks.

At the local setting, Njagi and Kombo (2014) conducted a study in the banking sector and established that Strategic Design impacted a lot on the degree of performance of Commercial Banks operating in Kenya. It has been suggested that the emphasis placed on Strategic Design as a practice for enhancing performance is an imperative of firms given that its contribution to Strategic Management Trends is vital (Mbithi, 2016). Sorooshian (2015) undertook an empirical study on Strategic Design and performance in small and medium enterprises in Iran. The study showed that Strategic Design is related to performances of SMEs. This study was carried out among SMEs in Iran and therefore its findings cannot be used as a basis for making recommendations to management of Commercial Bank. Deriving from the weaknesses identified, this study therefore sought to investigate the Strategic Management Trends and performance of commercial banks in Kenya.

### **General Objective**

The purpose of this study is to examine the influence of strategic leadership practices on performance of commercial banks in Kenya.

### **Specific Objective**

- i. To assess the effect of Human capacity development on performance of Commercial Banks in Kenya.
- ii. To examine the effect of strategy control on performance of Commercial Banks in Kenya.

### **Theoretical Review**

#### **Contingency Theory**

The contingency theory of leadership was propounded by an Austrian psychologist Fred Edward Fiedler in a landmark article "A Contingency Model of Leadership Effectiveness" published in 3314 article (Robbins & Coulter, 2016). It proposes that the most effective and appropriate governance structural design is the one where the organizational structure matches its contingencies. The theory therefore asserts that when managers make decisions regarding

operations within their organizations, they must consider all aspect of current situation and act on those aspects that are significant to the situation at hand (Olum, 2014). Prescriptions of solutions to management problems and issues depend on particular environments prevailing in the organization (Andrews *et al*, 2018).

Execution of strategies therefore should be contingent upon the prevailing context or situations. This implies that different business environments with varying conditions would require diverse approaches for managing the organizational problems and thus suggesting a correlation between discernment of the environment and performance of an organization in a particular situation (Donaldson, 2018). Critics have faulted the” the rule of the thumb and one best way approach that prescribes specific solutions for issues in organizations universally and instead proposes that Strategic Management practices should lead the firm in attaining an appropriate alignment with its environment (McLaughin *et al*, 2015).

Hambrick and Fredrickson (2015) contend that the main goal of an organization main goal is to achieve sustainable growth overtime. The management of business enterprises bears the vision and strategic goals which have practical implication on the direction, choices execution of choices and evaluation of execution of the adopted courses of action. It is therefore important for a company to create a fit between capabilities and resources to leverage on opportunities in the marketplace and thus gain competitive advantage (Garlichs, 2017). Mazzarol (2014) suggests that innovation which is a key ingredient for sustainability of a firm is also an imperative for growth and differentiation from competition. Companies that are keen to grow their customer base ought to seek innovation to obtain a strategic fit for channeling their growth ambitions (Ries, 2015).

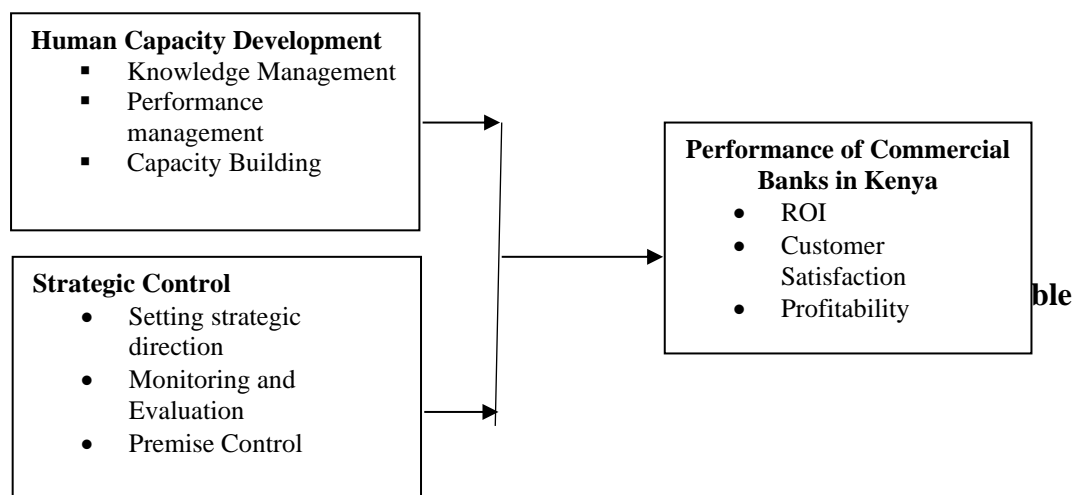
Contingency theory holds that an organization is an open system that relies on the environment and serves the environment (Morgan, 2017). This therefore brings to the fore the relevance of this theory to practicing managers since it supports the need for organizations environmental scanning in the selection and adoption of strategic choices that must be executed in a manner that is sensitive to environmental dynamics and provide for mechanisms for adaptation with an object to realizing optimal performance outcomes that can guarantee survival and success of business enterprises in the long-term).

### **Communication Accommodation Theory**

This theory was first developed by Howard Giles in 1971, intending to evaluate and examine speech (Rodriguez, 2017). The theory over the years has been expounded to cover many aspects of communication. Speakers may engage in divergent or convergent communicative behavior. The theory assumes people adapt the communicative behave depending on whom they are engaging and the perception desired based on one’s status (Gallois & Giles, 2015). Convergence depends on whether the individuals adapt to each other’s communicative behavior is perceived as good or bad in the communication process. In divergent communication, speaker and listener emphasize the social distance between themselves.

### **Conceptual Framework**

A conceptual frame work is defined as a set of broad ideas and principles taken from relevant fields of enquiry and used to structure a subsequent presentation (Kombo and Tromp, 2009). A conceptual framework refers to an exploration instrument planned to help a scientist to foster mindfulness and comprehension of the circumstance under a magnifying glass and to impart it. It is a diagram that visually shows the relationship between the independent and dependent variable of the study.



### Independent Variable

### Figure 2.1: Conceptual Framework

#### Human Capital

Developing the human capital is another vital element of Strategic Management. It is conventionally assumed that no organization can have exemplary performance standards without staff who are well trained and equipped with the relevant knowledge regarding their functions. Mutia (2015) affirms that human capital development cannot be overlooked as a necessary condition for improving organization competitiveness and sustainability. According to Ireland and Hitt (2011) human capital refers to the skills and knowledge that the organizational workforce has. In addition, Shaheen, Nagvi, and Khan (2013) established that firms with competent employees are always in the front line to improve their efficiency and effectiveness in product/service delivery and have an eventual improved performance. McIsaac, Park, and Toupin (2013) assert that the necessity of having well trained and skilled employees cuts across all sectors including academic institutions. This implies that even higher education institutions should strive to attract and retain such work force in order to achieve favorable competitive edge.

According to Masood (2010) one of the effective ways of enhancing employee capabilities is through relevant training. In support of this Aguinis and Kraiger (2009) asserts that employee training results to organization profitability and increase revenues. With this, it is clear that organization should plan for staff training sessions in order to achieve the organizational mission as well as objectives.

According to Batti (2014) human capital development must not be taken as an expense but rather as a valuable investment for the organization's benefit. This is so because, as Batti (2014) puts it, it allows employees to gain more knowledge to build on their prowess in their duties and responsibilities. In a like manner, Josan (2013) avers that human capital is a resource which like any another, has an influence on firm productivity. With reference to Choudhury and Mishra (2010) employee training results to employee commitment and engagement which translates to overall organizational performance and effectiveness

#### Strategic Control

Strategic control practices are concerned with shaping the organizational behavior of its business units and the context within which managers operate (Johnson & Scholes, 2008). It creates synergy for organizations and adds value in defining and shaping the overall strategy; defining the rules of engagement between different units; setting standards and assessing performance of these units. Strategic control guides action during strategy implementation in

organizations when the results are still several years away. While employees need to be creative and innovative; strategic control practices help managers to ensure that this creativity ultimately benefits the organization. It is indeed strategic control practices that ensure that strategic plans in organizations become a reality; and it is therefore important that Boards of directors and top-level managers understand the planned reality. In the past, strategic management emphasized strategic planning practices as a determinant of superior organizational performance. However, it is strategic control practices that determines and communicates what organizational outcomes are to be achieved.

According to Pearce II and Robinson (1991), there are 4 basic types of strategic control practices that include; the premises control, implementation control, strategic surveillance and special alert control. Premise control is designed to systematically and continuously check that the premises set during strategic planning are still valid. If a vital premise is violated, the organizational strategy should be changed. Implementation control checks if the overall strategy should be changed considering unfolding events associated with implementation of the overall strategy. Strategic surveillance monitors a broad range of changes taking place in the internal and external environments of the organization; that are likely to threaten the course of an organization's strategy. Special alert control is a position where the firms' basic strategy can be changed rapidly based on a sudden unexpected event in both environments. An organizational strategy requires contingency plans in place for such eventualities or circumstances (Pearce II & Robinson, 1991).

Ruefli (2011) suggested that strategic control is not only about how well the business is doing now; but how well it will continue to do in the future. It focuses on the achievement of future goals rather than past achievements. This is because it takes a long time before the expected strategic results are achieved, by which time it was late to make any adjustments. Various studies have suggested that all strategic control practice have a small set of standard elements. These elements include the articulation of strategic outcomes being sought; a description of the strategic activities to be carried out in pursuit of the desired outcomes; definition of methods that was used to track progress made against these two elements and the identification of an effective method to track progress against these two parameters. Strategic control is especially important when an organization operates in a rapidly changing and complex environment; to assess and recommend strategic moves to help the Boards of directors and top management teams stay on top of the environment and technology (Goold, 2011).

## **Empirical Literature**

### **Human Capacity Development and Performance**

Human capacity development helps firms to build and sustain performance; therefore it bolsters organizations ability to hold their ground in a dynamic and complex environment particularly in the short-run (Zajac & Shortell, 1989; Amburgey *et al.*, 1990). According to Taiwo and Idunnu (2017), managers play an important role in Human capacity development of driving functional strategies, which have short-term horizons but are an imperative for achieving corporate strategies. Strategies are carefully crafted by organizations to aid in the achievement of more favorable positions in the market place (Waruhiu, 2014).

Bassa (2015) investigated the link between strategic planning practice and Strategic Design in public universities in Ethiopia. The research data for this study was collected through questionnaires administered to staff and students as well as through interviews involving the members of management team of selected public universities. Similarly, Anichebe and Agu (2013) studied the effect of Human capacity development on implementation of strategy in business organizations in Enugu State in Nigeria. The study assessed the extent of application and workability of formulated strategies in the target universities. This study was however carried out in Nigeria and thus its conclusion may not directly apply in the case of Commercial Banks in Kenya.

Ongonge (2018) sought determine how strategic planning has assisted Action Aid Kenya (AAK) to improve in performance of its programs. This study was conducted using case study approach in Action Aid Kenya. Opano (2018) conducted an investigation to ascertain strategic planning and implementation practices at the Kisii County Government in Kenya. The researcher gathered qualitative data from the County Secretary, Deputy Speaker, County Development Officer (CDO) and county executives. The qualitative data gathered was analysis using content analysis and the findings could not be generalized. In addition, the study by Opano involved Kisii County Government and thus the recommendation for policy and practice could not be relevant in the case of Commercial Banks in Kenya.

### **Strategy Control and Performance**

Babafemi (2015) underscores the importance of having strategy control in mind when crafting organizational strategies. Indeed, strategy control practices are used to evaluate the degree of alignment between business activities, strategies and environmental factors. Moreover, control of strategy ensures integration of activities in the separate business units (Gummer *et al.*, 2016).

Nyariki (2016) proposed that strategy evaluation and control should be embraced by management of SMEs as an approach for improving corporate performance and to support coping with the changes and challenges of turbulent business environment and the global economy. Strategy evaluation and control essential for measuring actual achievement against the intended and ultimately providing the requisite feedback for making adjustment during the implementation phase (Vollert, 2016). The essence of strategic control is not to bring to the fore past errors but rather to suggest the corrections that are needed so as to steer the firm in the desired direction (Robinson, 2019).

Ondoro (2017) undertook a conceptual review of strategy control and organization social performance. The study was anchored on control theory and adopted library review approach. It explored, synthesized and critiqued literature on the subject of strategic control and organization social performance with a view of developing a conceptual framework. Ondoro noted that empirical literature was scanty on investigations involving strategy control particularly the aspects of description of strategic control activities to be carried out in pursuit of strategic outcomes. The conclusion of this conceptual review was that the existing empirical evidence is not specific and adequate in respect of the relationship between strategic control and organization social performance. The current study seeks to provide a basis for the empirical examination of the relationship between control of strategy and performance of commercial banks in Kenya.

Liviu, Sorina and Radu (2018) carried out a conceptual review of strategic control and the performance measurement systems. The purpose of the theoretical paper was to compare the widely used performance management frameworks including the balanced scorecard that can aid in implementation and improvement of organization's performance. The conclusion of the study was that control and performance measurement are part of the business improvement process. Therefore, performance measurement must therefore be part of a system, which reviews actions of the organization and informs the changes that are necessary concerning business operations. This study did not involve making observations and gathering of data for the purpose of examining the effect of strategy control on performance.

## **RESEARCH METHODOLOGY**

### **Research Design**

Research design can be defined as a blue print of carrying out a study, in which case the researcher has maximum control over the factors that may influence or otherwise interfere with the validity of the study finding. According to Mugenda and Mugenda (2013) the purpose of descriptive research is to determine and report the way things are and it helps in establishing the current status of the population under study and are useful for describing, explaining or exploring the existing status of two or more variables.



Descriptive research design was used since it seeks to answer the questions concerning the causes of the problem (Coopers & Schindler, 2011). The study employed qualitative approach to gather information as to how the organization is utilizing project management implementation practices while quantitative approach was used to investigate the ideas and opinions of people in regard to project management. Both primary and secondary data was collected.

### Target Population

Mugenda and Mugenda (2012) defines population as a well-defined set of people, services, elements, and events, group of things or households that are being investigated. They argue that target population in statistics is the specific population about which information is desired. The target population of these study comprised of 42 listed Commercial Bank in Kenya. These employees consisted of senior management team, middle-level managers as well as managers at functional level as shown in Table 3.1 .Since the population is small all the respondents were issued with questionnaires and therefore for census method was used. A census is a count of all the elements in a population (Cooper & Schindler 2014).

**Table 3. 1: Target Population**

Department	Number of employees
Senior Managers	585
Middle Level Management	936
Functional managers	1839
<b>Total</b>	<b>3360</b>

### Sample Size and Sampling Technique

The researcher used purposive sampling which is a type of probability sampling method in which sample members from a larger population are selected according to a random starting point but with a fixed, periodic interval (the sampling interval). Purposive sampling ensures that all respondents have equal chances of participating in the study (Alston & Bowles, 2019). Our target population in this study is less than 10,000, thus the sample of 384 can be adjusted as follows using the following formula suggested (Yamane, 3317) provides a simplified formula to calculate sample sizes. This formula was used to calculate the sample sizes. A 95% confidence level and  $P = 0.5$  are assumed for the equation. Based on the theoretical assumption that the distribution is assumed to be normally distributed with a sample size of a above 30 objects, the sample size was determined using Bell, Brymann and Harley (2018) sampling frame for large population number, that is more than 1000 objects, it is recommended that the Sample Size  $(n) = z^2pq/e^2$

$$= (1.96)^2(0.5)(0.5)/(0.05)^2 = 384$$

Where  $z = 1.96$ ,  $p = 0.5$ ,  $q = 0.5$  and  $e = 0.05$

### Data Collection Instrument

Mertens (2014) define research instruments as tools for collecting data. In a study, there are a number of research tools that can be used depending on the nature of the study, the kind of data to be collected and the kind of population targeted. The study collected both the secondary and primary data. The secondary data was collected from the journals, books and published academic references. The study will use three methods to collect primary data.

Questionnaires- For primary data collection a questionnaire was used to provide written answers to written questions. A questionnaire is an instrument that is used to gather data and allows measurement for or against a particular viewpoint. It is meant to provide a standardized tool for data collection and attain objectivity in a survey (Gray, 2019). Structured and open-ended questions was used to collect primary data from the field. The questionnaires was used to collect data from different cadres of Police Officers in the National Police Service in Kenya. The questionnaires item was classsified in to five (5) sub sections corresponding to the

study variables, section 1 contains statements on strategic direction, 2 Human capacity development, 3 strategy design, 4 strategy control, 5 performance of Commercial Banks in Kenya. The questionnaires were pilot tested to ascertain the extent to which the instrument were collect the intended data and eliminate ambiguous questions, and improve on validity and reliability.

### **Pilot Testing**

Before a survey is carried out all aspects of the questionnaire as a survey instrument should undergo a pilot test (Yin, 2017). Pre-testing enables the researcher to modify and remove ambiguous items on instruments (Lune & Berg, 2016). A pilot test is conducted to detect weaknesses in design, instrumentation and to provide proxy data for selection of probability sample. Pilot test enables the researcher to identify and eliminate any problems that may exist in a questionnaire (Best & Kahn, 2016) and examine the reliability and validity for measures used in the questionnaire (Yin, 2017). A pilot study is conducted with 4% - 10% of the sample population (Creswell & Clark, 2017).

### **Data Processing and Analysis**

The study generated quantitative data from the structured questionnaire. Descriptive and inferential statistics was used to analyze quantitative data after appropriate data coding. Descriptive statistics describe patterns and general trends in a data set. Descriptive statistics was used to examine or explore one variable at a time. Descriptive statistics was used include frequencies, percentages, mean and standard deviation. Mean is a measure of central tendency used to describe the most typical value in a set of values. Standard deviation shows how far the distribution is from the mean.

Inferential statistics was used to test the research hypotheses as they was trying to establish the associations and relationships between the independent variable) and the dependent variable. The relationship between level of the independent and dependent variables was measured using Pearson Correlation and regression analysis. This informed whether the independent variables significantly matters in influencing project success at a significance level of 0.05 thereby test the research hypotheses. The researcher conducted a linear regression analysis in order to establish the relationship between the stakeholder's management practices and the project success. Regression analysis was used to predict the value of the dependent variable on the basis of the independent variables using R square. This was also be used to get regression model coefficients. Linear regression was used to test relationship between variables due to linear relationship between the variables. The following regression model was used for quantitative procedures examining the relationship between independent and dependent variables. The regression model used is as shown below.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \epsilon_i \text{ Where;}$$

Y = performance of commercial banks in Kenya;

$\beta_1, \beta_2$  = Coefficient of the Independent Variables;

$X_1$  = Strategic direction;

$X_2$  = Human capacity development

$\beta_0$  = Constant= Error term. The assumption of this model that there must be a linear relationship between the outcome variable and the independent variable.

## **DESCRIPTIVE DATA ANALYSIS**

### **Descriptive Analysis of Study Variables**

#### **Human capacity development**

The Second objective of this study was to examine the relationship of Human capacity development on the performance of commercial banks in Kenya. Five research questions were

posed to the respondents. Table 4.1 presents the descriptive statistics results generated for Human capacity development. To obtain information about the first independent variable Human capacity development, numerous statements were asked and the respondents required to provide feedback on a likert scale of one (1) to five (5), for 1 being strongly disagree, 2 being disagree, 3 being neither agree nor disagree, 4 being agree and 5 being strongly agree to the statements. On the statement “Stakeholders are involved in formulation of strategy for the bank” 15.1% strongly disagreed to the statement, 13.9% of the respondents disagreed to the statement, 35.5% of the respondents neither agreed nor disagreed to the statement, 24.7% of the respondents agreed to the statement whereas 10.8% of the respondents strongly agreed to the statement, with a mean of 3.02 and standard deviation 1.195.

On the statement “Information is gathered about the internal factors of the bank” 13.5% strongly disagreed to the statement, 8.8% of the respondents disagreed to the statement, 10.8% of the respondents neither agreed nor disagreed to the statement, 43.8% of the respondents agreed to the statement whereas 24.1% of the respondents strongly agreed to the statement, with a mean of 3.54 and standard deviation 1.306. On the statement “Bank resources are provided to support gathering of information about the bank’s environment”, 5.2% strongly disagreed to the statement, 23.9% of the respondents disagreed to the statement, 19.1% of the respondents neither agreed nor disagreed to the statement, 20.7% of the respondents agreed to the statement whereas 31.1% of the respondents strongly agreed to the statement, with a mean of 3.49 and standard deviation 1.291. Regarding the statement “Information is gathered about the external factors of the bank”, 4.8% strongly disagreed to the statement, 15.9% of the respondents disagreed to the statement, 7.6% of the respondents neither agreed nor disagreed to the statement, 47.0% of the respondents agreed to the statement whereas 24.7% of the respondents strongly agreed to the statement, with a mean of 3.71 and standard deviation 1.145.

On the statement “The information gathered is analyzed for the purpose of making decision.” 8.4% strongly disagreed to the statement, 2.0% disagreed to the statement, 13.9% of the respondents neither agreed nor disagreed to the statement, 55.4% of the respondents agreed to the statement whereas 20.3% of the respondents strongly agreed to the statement, with a mean of 3.77 and standard deviation 1.062.

**Table 4.2: Human capacity development frequencies**

Human capacity development	Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree	Mean	Std. Dev.
Stakeholders are involved in formulation of strategy for the bank.	15.1	13.9	35.5	24.7	10.8	3.02	1.195
Information is gathered about the internal factors of the bank.	13.5	8.8	10.8	43.8	24.1	3.54	1.306
Bank resources are provided to support gathering of information about the bank’s environment.	5.2	23.9	19.1	20.7	31.1	3.49	1.291
Information is gathered about the external factors of the bank	4.8	15.9	7.6	47.0	24.7	3.71	1.145
The information gathered is analyzed for the purpose of making decision.	4.8	29.9	5.2	41.8	18.3	3.39	1.223
Organisation leadership instils pride and like to be associated with employees	4.2	23.9	19.1	20.7	32.1	3.69	1.391
The information gathered is analyzed for the purpose of making decision.	8.4	2.0	13.9	55.4	20.3	3.77	1.062

## Strategy Control

The second objective of this study was to determine the relationship of Strategy Control on the performance of commercial banks in Kenya. Six research questions were posed to the respondents. Table 4.2 presents the descriptive statistics results generated for Strategy Control. To obtain information about the fourth independent variable Strategy Control, numerous statements were asked and the respondents required to provide feedback on a likert scale of one (1) to five (5), for 1 being strongly disagree, 2 being disagree, 3 being neither agree nor disagree, 4 being agree and 5 being strongly agree to the statements. On the statement "There is a clear communication of the expected level of execution of activities amongst stakeholders." 10.4% of the respondents neither agreed nor disagreed to the statement, 64.9% of the respondents agreed to the statement whereas 24.7% of the respondents strongly agreed to the statement, with a mean of 4.14 and standard deviation 0.576. On the statement "Target deriving from the objectives of the bank are mutually developed", 5.6% strongly disagreed to the statement, 16.7% of the respondents neither agreed nor disagreed to the statement, 57.0% of the respondents agreed to the statement whereas 20.7% of the respondents strongly agreed to the statement, with a mean of 3.87 and standard deviation 0.929. Regarding the statement "Actual level of execution of activities is monitored continuously", 2.0% strongly disagreed to the statement, 13.1% disagreed to the statement 21.5% of the respondents neither agreed nor disagreed to the statement, 49.4% of the respondents agreed to the statement whereas 13.9% of the respondents strongly agreed to the statement, with a mean of 3.60 and standard deviation 0.951.

On the statement "Comparison amongst actual and expected level of execution of activities is undertaken continuously.", 2.8% strongly disagreed to the statement, 12.4% of the respondents neither agreed nor disagreed to the statement, 40.6% of the respondents agreed to the statement whereas 44.2% of the respondents strongly agreed to the statement, with a mean of 4.24 and standard deviation 0.874. On the statement "Stakeholders are continuously appraised on their level of execution of activities" 2.8% strongly disagreed to the statement, 22.7% of the respondents neither agreed nor disagreed to the statement, 47.0% of the respondents agreed to the statement whereas 27.5% of the respondents strongly agreed to the statement, with a mean of 3.96 and standard deviation 0.869. On the statement "Timely corrective measure are undertaken to address any shortcoming identified." 11.6% strongly disagreed to the statement, 13.5% strongly disagreed to the statement, 17.1% of the respondents neither agreed nor disagreed to the statement, 31.9% of the respondents agreed to the statement whereas 25.9% of the respondents strongly agreed to the statement, with a mean of 3.47 and standard deviation 1.318.

**Table 4.2: Strategy Control Frequencies**

Strategy Control	Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree	Mean	Std. Dev.
There is a clear communication of the expected level of execution of activities amongst stakeholders.	-	-	10.4	64.9	24.7	4.14	0.576
Target deriving from the objectives of the bank are mutually developed	5.6	-	16.7	57.0	20.7	3.87	0.929
Actual level of execution of activities is monitored continuously	2.0	13.1	21.5	49.4	13.9	3.60	0.951
Comparison amongst actual and expected level of execution of activities is undertaken continuously.	2.8	-	12.4	40.6	44.2	4.24	0.874

Stakeholders are continuously appraised on their level of execution of activities.	2.8	-	22.7	47.0	27.5	3.96	0.869
Timely corrective measure are undertaken to address any shortcoming identified	11.6	13.5	17.1	31.9	25.9	3.47	1.318

### Correlation Analysis

The study computed Correlation analysis to determine the strength and the direction of the relationship between the variables being studied. If the correlation values are  $r = \pm 0.1$  to  $\pm 0.29$  then the relationship between the two variables is small, if it is  $r = \pm 0.3$  to  $\pm 0.49$  the relationship is medium, and when  $r = \pm 0.5$  and above there is a strong relationship between the two variables under consideration. Table 4.3 presents the findings obtained.

Human capacity development is also seen to have a positive significant relationship with performance of commercial banks in Kenya ( $r = .869$ ,  $p < 0.05$ ). Since the p-value (.023) was less than the selected level of significance (0.05), the relationship was considered significant. This therefore suggests that Human capacity development affects performance of commercial banks in Kenya.

Strategic Design is also seen to have a strong positive and significant relationship with performance of commercial banks in Kenya ( $r = .784$ ,  $p < 0.05$ ). Since the p-value (.001) was less than the selected level of significance (0.05), the relationship between the two variables was considered to be significant.

**Table 4.3: Correlation Analysis**

		Performance	Human capacity development	Strategy Control
Performance	Pearson Correlation	1		
	Sig. (2-tailed)			
	N	331		
Human capacity development	Pearson Correlation	.869**	1	
	Sig. (2-tailed)	.023		
	N	331	331	
Strategy Control	Pearson Correlation	.727**	.336	1
	Sig. (2-tailed)	.021	.574	
	N	331	331	331

### Multiple Regression Analysis

The study aimed to establish the influence of Strategic leadership practices on performance of commercial banks in Kenya. To achieve the objective, the study conducted regression analysis to first establish whether there exist some relationship between Human capacity development, Strategy Control and performance of commercial banks in Kenya. Using multiple regression analysis, the study examined the combined effect of independent variables on the dependent variable. The findings were presented in three tables discussed in sub-sections below.

### Model Summary

Model summary was used to establish amount of variation in performance of commercial banks in Kenya that can be explained by Strategic Direction, Human capacity development, Strategic Design, Strategy Control. The predictive power of the model was determined using coefficient of determination ( $R^2$ ). The model summary results in Table 4.4 show that the R-

squared is 0.739 which suggests that 73.9% of all variation in performance of commercial banks in Kenya are explained by Human capacity development and Strategy Control. The remaining 26.1% suggests that there are other factors that can be attributed to variation in performance of commercial banks in Kenya that were not discussed in this study. Correlation coefficient (R) shows the relationship strength between the study variables. From the findings the variables were strongly and positively related as indicated  $r = 0.859$ .

**Table 4.4: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.859	0.739	0.717	0.26800

a. Predictors: (Constant), Strategic Direction and Human capacity development

**Analysis of Variance**

To determine the fitness of the model to predict the dependent variable (performance of commercial banks in Kenya), the study conducted an F-test at 95% confidence level. The significance of the study variables was determined based on the P-value of the variable coefficients at 0.05 significance level. The decision in the fitness of the model is accepted if p-values is below 0.05 and rejected if it is above 0.05. The findings in Table 4.3 showed that  $Prob > F 2, 329 = 0.000$  was less than the 0.05 significance level. This suggested that the model as constituted was fit in establishing the influence of Strategic Leadership Practices on performance of commercial banks in Kenya. Further, the F-calculated, from the table (136.2) was greater than the F-critical, from f-distribution tables (2.419) supporting the findings that Human capacity development and Strategy Control can be used to predict performance of commercial banks in Kenya.

To test the significance of the study variables student t-test was used to establish the amount of influence each (Human capacity development and Strategy Control) had on performance of commercial banks in Kenya.

**Table 4.5: Analysis of Variance**

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	10.353	2	5.177	136.2	.000 <sup>b</sup>
1	Residual	3.663	329	0.011		
	Total	14.016	331			

a. Dependent Variable: Organization performance

b. Predictors: (Constant), Human capacity development and Strategy Control

**Beta Coefficients of the Study Variables**

From the coefficients in Table 4.16, the following regression model was fitted;

$$Y = 1.481 + 0.232 X_1 + 0.331 X_2$$

The findings showed that holding Human capacity development and Strategy Control to constant at zero, performance of commercial banks in Kenya would be 1.481. The constant ( $\beta = 1.481$ ) was significant at 0.05 significance level ( $P = 0.000$ ).

Regarding Human capacity development, it was observed that Human capacity development had a coefficient of 0.232 suggesting that holding all other factors constant, a unit change in Human capacity development results in a 23.2% change in performance of commercial banks in Kenya. This variable was significant since the p-value (0.003) was less than the significance 0.05.

Regarding Strategy Control, it was noted that Strategy Control had a coefficient of 0.331 indicating that holding all other factors constant, a unit increase in Strategy Control leads to a 19.6% improvement in performance of commercial banks in Kenya. The variable was also

found to be significant since the p-value (0.005) was less than the selected level of significance (0.05).

**Table 4.6: Beta Coefficients of Study Variables**

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
	B	Std. Error			
(Constant)	1.481	0.201		7.368	.000
1 Human capacity development	0.232	0.079	0.251	2.937	.003
Strategy Control	0.331	0.069	0.126	2.841	.005

a. Dependent Variable: Organization Performance

## Conclusion

The study's conclusions emphasize the critical role of strategic leaders in organizational transformation and alignment. It highlights that effective strategic leadership involves a comprehensive approach to reorganizing the entire organization to reflect a collectively agreed-upon strategy. This process requires aligning all systems and departments with the strategic vision, ensuring a cohesive and unified approach to implementation. The research underscores the importance of strategic leaders in envisioning the organization's future, articulating this vision clearly, and formulating strategies to achieve it. This visionary aspect of leadership is seen as fundamental to setting the direction and inspiring the organization towards its long-term goals. Furthermore, the study stresses the significance of implementing these strategies through a well-defined framework, emphasizing that strategic leadership is not just about planning but also about effective execution to achieve organizational objectives.

The research also sheds light on the pervasive influence of leadership in strategy implementation. It concludes that leadership interacts with and significantly impacts nearly all aspects of strategy execution, positioning it as a crucial factor in organizational performance. The study identifies leadership as the pivotal element that creates essential connections between various organizational components, including different units and departments. This connective role of leadership is seen as vital in fostering unity of purpose and focus, which are deemed essential for organizational success. Strategic leaders are portrayed as the architects of the organization's vision and mission, serving as the critical link between various factors of strategy implementation. This highlights the multifaceted nature of strategic leadership, encompassing visionary thinking, strategic planning, and the ability to unite diverse elements of an organization towards common goals. The findings underscore the comprehensive impact of strategic leadership on organizational alignment, strategy formulation, and ultimately, on the overall performance and success of the organization.

## Recommendations

The study strongly recommends the strategic allocation of adequate resources across various business portfolios, emphasizing the importance of timely resource distribution to ensure smooth internal operations. This recommendation underscores the critical role that resources play in maintaining quality, meeting delivery schedules, and achieving the right output quantities. The research highlights that resources are fundamental to the production and service delivery processes, directly impacting an organization's ability to meet its objectives and customer expectations. The study cautions against under-resourcing business portfolios, suggesting that insufficient resource allocation can significantly hinder performance and limit the ability to meet targets. This perspective emphasizes the need for strategic leaders to carefully assess and prioritize resource allocation, ensuring that each business unit has the necessary tools, personnel, and financial backing to operate effectively and contribute to the organization's overall success.

Furthermore, the study places considerable emphasis on the integration of ethical considerations into the organizational culture. The researcher recommends that organizations should embed ethical principles deeply within their operational framework and employee behavior. This approach is seen as a powerful driver of customer satisfaction and loyalty. The study posits that when employees operate with a strong ethical foundation, it significantly enhances the customer experience, leading to increased satisfaction and fostering long-term loyalty. The research underscores the vital role of customers as unofficial marketers for the organization, noting that satisfied customers who feel valued and well-treated are likely to return and bring additional business through family and friends. This customer-centric approach, rooted in ethical practices, is presented as a key factor in driving organizational growth and success. The study thus highlights the interconnectedness of ethical practices, customer satisfaction, and business growth, suggesting that organizations prioritizing these elements are better positioned for sustainable success in the competitive marketplace.

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