Account and Financial Management Journal e-ISSN: 2456-3374
Volume 7 Issue 05 May 2022, (Page No.-2732-2740)
DOI: 10.47191/afmj/v7i5.02, Impact Factor: 6.839

Effect of Customer Involvement Strategy on Financial Performance of Commercial Banks in Nakurucity, Kenya

Francis Gathenya Gathuku, Dr. Kalundu Kimanzi[2]
[1]Jomo Kenyatta University of Science and Technology
[2]Supervisor, Jomo Kenyatta University of Science and Technology

ABSTRACT: Organization performance relies on the strategic innovation practices employed by a firm. Organizations are opting for strategic innovation as a response to increasing business environment turbulence and complexity, among them, customer involvement strategy. This study sought to assess the effect of customer involvement strategy on financial performance of Commercial Banks in Nakuru City, Kenya. The research adopted a descriptive research design, targeting 320 staff working at commercial banks in NakuruCity, with a sample size of 178 respondents. The findings established that customer involvement strategies plays a vital role in influencing the banks financial performance positively. The researcher recommends that banks should focus on assimilating customer's retention strategies which is important in telling the frequent customers, and hence being in better position to understand their needs since they are able to interact with them. Consequently, through this, the customer's opinions are taken in to account by the banks decision makers, which facilitates improvement in service delivery, translating to improved financial performance.

KEY WORDS: Organization, Financial, Performance, Strategies, Innovation, customer, Competency, Technology

1. INTRODUCTION

Innovation has been a common place word in business today. The future is categorized by a variety of new technologies and innovations which are changing how we communicate, trade, interact and most importantly work. This impacts all disciplines, economies, and industries (Schwab, 2018). Technology is fundamentally changing and transforming the diverse areas of business (Weber, 2017). According to Tidd (2001), the term innovation means to make something new. Innovation is viewed as the systemic process of developing different products with the aim of enhancing a firm's performance.

Innovation is also seen as the process denoting the conception of new product, new processes or new services or business practices all this hinged under technology. Innovation also entails the development and launch of new or meaningfully enhanced product, process, structural method or marketing method by an organization (Quinn, Brennan, McAdam &McKitterick, 2013)

Trott (2012) also theorized that companies innovate in order to attract new customers who have never engaged with their products or services before. White (2010) further defined innovation as a process whereby new and improved products, processes and materials are developed and utilized in organizations.

Palmer and Kaplan (2016) defined strategic innovation as a more holistic approach combining creation of business strategies, customer insights and strategic alignment as building blocks aligned to innovation to achieve the goals of the firm. The conceptualization of strategic innovation has been closely wrapped up with what it can be used for in an organization since it is not viewed as an end. In the external environment, globalization, volatility of consumer demand, competition and technological developments have led to constant environmental shifts and require a more strategic perspective from organization leaders. Some research has focused on the ways through which the human personnel drives commercial activities, with a stronger focus on improving entrepreneurial personnel as key elements of organizational success (Walsh, Lynch & Harrington, 2010). These alterations have placed increased pressure on staff to be more innovative and productive. The field of innovation in the UK has been having slow growth by a conventional view on what constitutes the innovation propeller in an organization.

In developing nations such as African countries, Nigeria, Kenya, Tanzania, the potential growth from innovation in economic growth, enhancing incomes and jobs are hugein banking institutions (Abetti, 2005). Yet on the other side, developing countries are slow when it comes to adapting to new technologies and business processes that might improve their banking institutions. The report found that the lower level of technological adoption in developing countries maybe as a result of low managerial capabilities, and weak government capacity. These constraints are not found to be favorable to these countries putting in mind that the global economy is growing rapidly due to robust technology adoption and innovation.

Organization performance relies on the strategic innovation practices employed by a firm. Innovations is providing firms with a strategic orientation to solve the challenges encountered when they are striving to attain a sustainable competitive advantage among rivals (Arthur, 2017). Innovation is divided into different segments such as product and market in an organization. Nevertheless, the different types of innovations influence organization performances for instance strategic innovation redesigns corporate strategies to grow, create more value and thus remain competitive. Strategic innovation is important for an organization to quickly adapt to changes in technology around the world. Strategic innovation includes the ability of the organization to create more growth strategies, come up with new product categories, services and business models to as to survive in the increasingly turbulent business environment (Varadarajan, 2018). Whereas, product innovation is the establishment of a good or service that has the potential of increasing the output of retail in commercial banks, for instance, the Bank of China during the year 2006-2007, the growth development of retail business was 250 percent, which was two times the growth rate of wholesale business (Bakar, 2015). One of the main reasons for these changes in business were brought about by improved innovation practices, for instance, business philosophy, product and promotion management, and scientific and technology (Auernhammer& Hall, 2014). Therefore, it is important for organizations pursuing growth to increase their focus on the adoption of innovation practices.

Banking sector in Kenya has remained dynamic and very competitive (Ngari&Muiruri, 2014). The sector is well known for challenges such as high competition, technological divergent, multifaceted international and knowledgeable customers and a dwindling market. International competition has resulted in to the sector being oversupplied and bigger market share does not translate high profits (White, 2010). This has created the need to adopt strategic innovation for survival in terms of performance.

Innovation is viewed as the systemic process of developing different products and improving existing ones as a major area of enhancing firm’s performance. The future is categorized by a variety of new technologies and innovations which are changing how we communicate, trade, interact and most importantly work. However, the increasingly competitive and turbulent business environment has contributed to different ways of modeling business processes to mitigate negative effects of competition and improve performance of business organizations. Therefore, to mitigate and preserve competitiveness, businesses are fundamentally changing and transforming all areas of business through innovation and technology (Weber, 2017).

Financial institutions are not exception to innovation especially poor performance of commercial banks asit is reflected in the loans which are not performing to overall advances that rose from 9.4 percent to 12.3 percent and 12.0 percent in the period of 2016, 2017 and 2018 respectively, (CBK, 2019). Owing to this situation banking institutions have to explore strategic innovations practices in order to achieve high performance. The banking sector has faced numerous challenges over recent years. Global competition in the banking sector is likely to expose banks to operational risks like cybercrime, Anti Money Laundering and other technologically related frauds including identity thefts. The influence of such crimes is opportunity costs and losses by the commercial banks and individuals. Investments to avert such risks increase operational expenses, which affects performance of commercial banks.

For instance, between 2011 and 2015, enormous economic growth and advances in financial inclusion helped the industry to expand its cumulative loan book by a growth rate of 16%, (CBK, 2018). However, a more stringent regulatory approach since 2015resulted in the collapse of Charterhouse Bank, Imperial Commercial Bank and Chase Bank, leading to a decrease in public confidence in the sector (CBK, 2020). Downward pressure on bank profitability was made more severe by the cap on interest rates for commercial bank loans, which was introduced in September 2016 through the Banking (Amendment) Act of 2016. The new lending regulations, along with increased competition, have resulted in consolidation in the banking sector. Nonetheless, banking industry has witnessed mergers and acquisition; Diamond Trust Bank Kenya acquired a 100% stake in Habib Bank Kenya in August 2017 and KCB Bank Kenya is in the process of acquiring National Bank of Kenya (Chege, 2018). It is evident that earlier readings concentrated on the impact of technological innovations on financial performance (Cho & Kim, 2014). The impact of complex innovative strategies on Performance of commercial banks is also rarely researched (Karlsson&Tavassoli, 2015). However, several studies have been done to test on the impact of financial innovations on banks performance (Ibingira, 2017) conducted a study on the effect innovation strategies on the performance of commercial banks of Bank of Kigali. Within this challenging and varied background, competition in the retail banking landscape is increasingly fierce, thusthis study seeks to establish the effect of innovative customer involvement strategy on financial performance of Commercial Banks in NakuruCity, Kenya.

2. LITERATURE REVIEW

2.1 Theoretical literature review

Innovation Diffusion Theory

Innovation involves the creation of new technologies. The business environment has continually changed due to forces of technological changes hence the need for innovativeness to cope with the competition. According to this theory, new skills and concepts once recognized, they spread into the external environment and the society at large (Rogers, 2001). Innovation can be either for personal benefit or it can be part of a business organization. Strategic decisions aimed at gaining competitive advantage.

Innovation involves the adoption process and it ranges from the point knowledge is gained up to the point of forming attitudes regarding innovations. Attitude involves people making decisions on accepting the innovation or rejecting the innovation. Adoption of innovation is determined by how complex the technology is, how, compatible the technology is and the ultimate benefits from the adopted technologies. Any business organization can either adopt a new technology or it can adopt it the second time after the adoption by the earlier business entities. Innovation is key and technology has contributed to the growth of financial innovations mainly in two ways. Firstly, by lowering the transaction costs incurred by business entity when financial transactions are processed. When transaction costs are minimized, financial institutions will gain from the creation of newest products and services for its clients’ secondary easy acquisition of information for the business entities to make informed decisions. Stiff competition among the player in the financial sector has resulted in all the players developing new products, ideas and services so to obtain a competitive advantage.

2.2 Empirical Review

A customer-oriented strategies enables the organization to consider consumer loyalty as key in the choices made. Customer orientation deals more directly with relationship between the staff and clients where the employees and the firm’s management focus on customer satisfaction through re-aligning their objectives (Bayus, Erickson & Jacobson, 2003). These complexities, to some extent, with sale orientation, are a key approaches where the requirements and needs of the firm are respected over the client. There has been a rise of customer-oriented banking which has impacted the banking innovation services.

Another study was done in AMP banks in Australia. The paper contended that financial predicaments the fluctuating conduct of clients and forthcoming developments are dependent on data innovation (IT) and financial service presented by banks (Bonn, 2010). A huge assortment of banking IT innovation has risen and outlines that traditional banks are required to have less capacity to block rivalry at the client interface and in result need to re-position them (Lichtenthaler, 2011). Expanding on these improvements from one perspective and existing microelectronic market foundations in the managing an account industry on the other, the idea of a client situated money related market framework is proposed as a conceivable future arrangement.

The effect is represented utilizing an aggressive investigation of the saving money industry and similarities to the mass media business where new competitors from the processing business have caused troublesome modifications. Other than portraying the risk to existing banks, the paper likewise talks about the points of view for banks.

A study was done in Scotland where banking institutions use information technology to investigate the customer’s profiles and concentrate implicit learning about client by means of client participation. The result of this study exhibits that the use of client profile enhances clients' discernment on merchandise quality and increases the effectiveness of Customer Relationship Management (CRM) (Capozzi, 2012). In addition, client support can enhance clients his or her perception on products quality and upgrade the outcome of CRM through perceived anticipation. The outcome demonstrates that the client profiles and client support are two urgent components for organizations to keep up client relationship.

According to CBK (2016), the customer placement and financial institutions marks customer services to keep up long term relationship. Now, this overwhelms the private commercial banks as far as getting many clients and several branches all through the nation. The results of the investigation likewise show customer alignment has helped the bank to enhance its customer’s needs in light of the rivalling private commercial banks with dissimilar banking strategies turned out to be a challenge to business bank. Moreover, customer orientation is crucial for financial institutions like managing an account segment since their business pay is produced from administration rendering to clients. This investigation gave new perceptions of knowledge in way to deal with customer orientation in the financial sector of the bank. The research results are helpful towards improving the nature customer service of the banking sector.

Gavriel and Aviv (2017studied on customer orientation and firm performance. The study developed and tested identical models with two distinct customer orientation operationalization. Customer orientation was operationalized into customer interaction, relationship and customer win back capabilities. Using Likert scale, the findings established the most influential customer orientation antecedent was formalization. Similarly, Feng et al., (2019) following the social learning theory established that humane leadership and moderation leadership support firms to restored customer orientation for improving their performance.

Pekovic and Rolland (2016) looks at customer orientation and its role on business performance. Using a 3-stage least squares method on a sample of 3720 firms, the study established an arbitrating influence of customer innovation on the connection between customer orientation and business performance through various factors such as the market environment, firm size and sector of activity.

According to Gorman (2007), client relationship management (CRM) is a generally executed model for dealing with a firm’s interaction with clients, and deals prospects. The principle objective of a fruitful association is fulfilling client requests and desires. An approach to keep clients leads through customer relationship management. In this circumstance, the crucial factor to improve corporation competitive power is customer relationship. Today, Indian banking industry is one of the biggest in the world. CRM in the banking industry is of vital significance. CRM is an all-encompassing procedure of obtaining, holding, and developing clients. CRM is utilized to characterize the way toward making and keeping up associations with business or clients.

Nasution and Rafiki (2018) studied on customer relationship managing and firm performance. They concentrated on medium firms operating in Indonesia. CRM was operationalized into top management support, customer orientation, training orientation. The results findings established that the organization features of CRM positively and significantly influenced organization performance.

Soltani et al., (2018) sought to determine the impact of the client's relationship management on the organization performance. Using least squares method, the results indicated that the success of CRM is extremely facilitated through ICT use, and additionally, customer orientation, and organizational capability are related to CRM success.

3. RESEARCH METHODOLOGY

3.1 Research Design

A study design is a roadmap or blueprint a researcher uses to guide a study (Kothari, 2008). In line with Kothari et al., (2008), a descriptive study design was deemed fit for this study. The design provides a framework for the creation of evidence suitable for a certain criterion and the research question a researcher is interested in.

The descriptive study design facilitated in obtaining information about the status of the strategies being used by the sector and thus relate it to the objective of the research and therefore make it relevant to the research questions. The design helped in the research through obtaining information concerning the status of the effect of innovative strategy on performance of commercial banks. In the study, the independent variable was the organization readiness, core competencies, customer involvement and Information technology strategy, whereas the dependent variable wasFP of banks.

3.2 Target population

The target population is the entire set of units for which the survey data was used to make inferences. Population is a collection of elements, objects or items including individuals that share similar features (Yin, 2017).

The study's target population was senior management staff, middle management staff and operations staff of the 30 commercial banks operating or have branches in NakuruCity. To select the bank, census design was used since all the banks operating/ have branches in Nakuru Citywere considered in the study. According to Kothari (2004), census design uses all the members of the study. The study targeted at least 2 senior management staff, 2 middle management and 3 operation staff of each bank in NakuruCity. This study's target population was320staff of commercial banks at the NakuruCity who are classified into senior management, middle management and operational staff as shown in Table 1

Table 1: Target Population

Levels of Employees	Target population
Senior Management Staff	80
Middle Management staff	115
Operations Staff	125
Total	**320**

3.3 Sampling Design

Cooper and Schindler (2006) describes sampling design as a plan put in place in order to excerpt a sample from a given large population whose variability in elements is little. This is further explained by Sekaran&Bougie (2016) who depicted that a sample is a collection of a sufficient number of population elements whose features are assessable and allows for generalization to the full population. The following subsections gives elaborative sampling design adopted in this study.

3.3.1 Sampling Technique

Sampling technique is the process of selecting a sample which is categorized in to either probability sampling or non-probability. Saunders et al., (2018) describes probability sampling as sampling method which ensures equal chance for all the elements under study. Non-probabilistic on the other hand refers to a method where the chances of selection in to the sample is unequal and requires the subjective interference of the researcher.

This study adopts simple random sampling technique. This is because the researcher approached the bank staff randomly and each of the bank staff had an equal chance of being interviewed.

3.3.2 Sample Size

A sample size is a section of entities picked from the population as a representation (McBride, 2010). Zikmund et al (2010) define sampling as the selection of individuals from a population to yield some knowledge about the entire population, particularly for making predictions founded on statistical understanding. Larger samples gives more precise results, but using correct sampling approaches on small population enhances consistent results (Zikmund&Babin 2007).

Oso and Onen (2009) advise that it is impossible to study the whole targeted population. A sample size of 178 employees were selected based on the formula adapted from Yamane (1967) as outlined here below;

$$n = \frac{N}{1+N(e^2)}$$

Where,

n= the sample size

N = population size

e = desired level of precision (allowed margin of error) = 0.05

$$n = \frac{320}{1+320(0.05)^2} = 178$$

Since the respondents are employees who are human beings this rounded off to a sample size of 178 respondents.

Table 2: Sample Size

Levels of Employees	Target population	Sample Size	Sample Proportion
Senior Management Staff	80	42	23.6%
Middle Management staff	115	64	36%
Operations Staff	125	72	40.4%
Total	**320**	**178**	**100%**

3.4 Data collection methods and procedures

Data was be collected by use of questionnaires and interview schedules. The questionnaire had both unstructured and structured questions. The unstructured questions are open ended while the structured questions contains closed questions constructed in a 5-point Likert scale and assigned numerical values to make quantitative analysis possible. The questionnaires are preferred for their suitability and ease of administration. The questionnaires addresses the research objective on the effect of innovation strategy on financial performance of Commercial Banks in Nakuru City, Kenya.

The questionnaires were administered among middle and operational staff while the interviews were conducted among the top managers of Commercial Banks in NakuruCity. The advantages of using both questionnaires and interviews are that information was collected from a large sample; confidentiality is upheld, saves on time.

Confidentiality of information provided an allayed the possibility of such information being used against them for unspecified use. The interview schedule was used to collect data from department heads in Commercial Banks who formed part of the sampled size. The interview questions comprised same questionnaire used but took a more open-ended approach to capture more information. The interviews were conducted through telephone. The rationale of using open ended questions is to give respondents ample time to share their views on a given question without restrictions. The collected data by means of the questionnaire was coded and analyzed using SPSS

3.5 Data Analysis Techniques

This section discusses the techniques that was used to analyze data and test the variables. Quantitative and qualitative data was collected using structured questionnaire. The questionnaire items were organized to generated Likert response options measured at an ordinal scale. The items were organized under themes and combined into a composite Likert scale that provided a quantitative measure of the variable in an interval scale. This allows application of advanced data analysis procedures. The study conducted initial data analysis using descriptive statistics, correlation analysis and inferential statistics.

3.6 Analytical Model

The researcher used the following regression models:

$$Y = \alpha_0 + \beta 1X1 + \mathcal{E} \text{ ……………..…… } 1$$

Where, Y is the financial performance, X1 is the customer involvement strategy, α_0 is the constant, while β1 are the estimation coefficients.

4. RESEARCH FINDINGS AND DISCUSION

4.1 Descriptive statistics

4.1.1 Gender

The results shows that 54% of the respondents were male, while 46 % were female gender. This implies that both gender were fairly distributed and represented in the sampled population hence the findings of the study does not suffer from gender biasness. The findings is shown in figure 2 below:

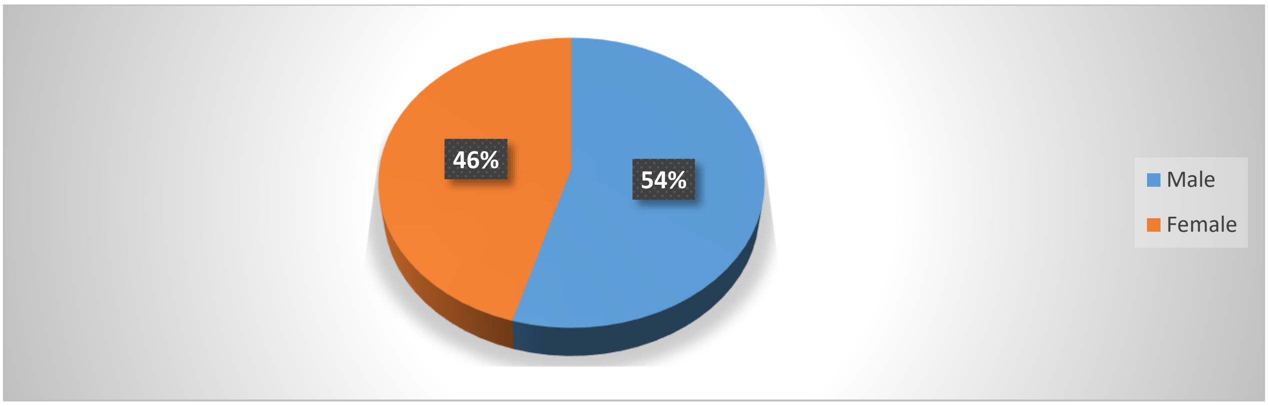

Figure 1: Gender of the Respondents

4.1.2 Work experience

The researcher asked the respondents to indicate their length of service in the banking industry in years. Majority of the individuals (32.58%) indicated to have operated with the bank for a period of 6 to 10 years. Consequently, 30.9% of the respondents have worked with the bank for less than 2 years, while a cumulative of 60.12% of the respondents have worked with the bank for more than 3 years. The vast distribution implies that the respondents are knowledgeable in the operations and financial positions of the banks. The results are resented in the figure 3 below:

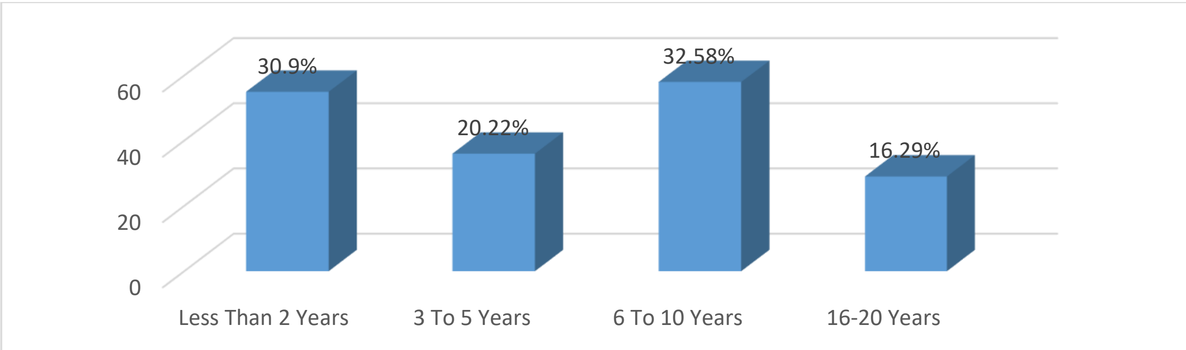

Figure 2: Experience of Service in the Banks

4.1.3 Management level

The results indicated that 52.25% were service in the middle level, 28.65% in senior management level while 19.1% were in operational management level. With majority of the management level being in middle level of service, it indicates that they have a well understanding of the banks operation, and also in dealing with clients directly. The information is displayed in figure 4 below:

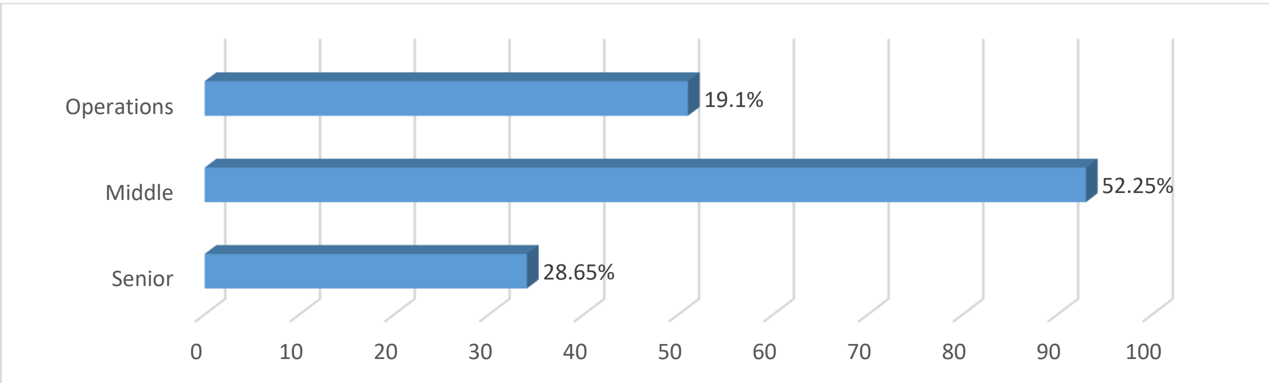

Figure 3: Level of Management in the Bank

4.1.4 Education Qualification

Figure 5 shows that popularity of the employees had degrees as the highest level of education with 34.27%, followed by 27.53% (Diplomas), 20.79% (Masters Level) and 17.42% with PhD's qualification. This demonstrates the majority of those included in managerial decisions are highly educated.

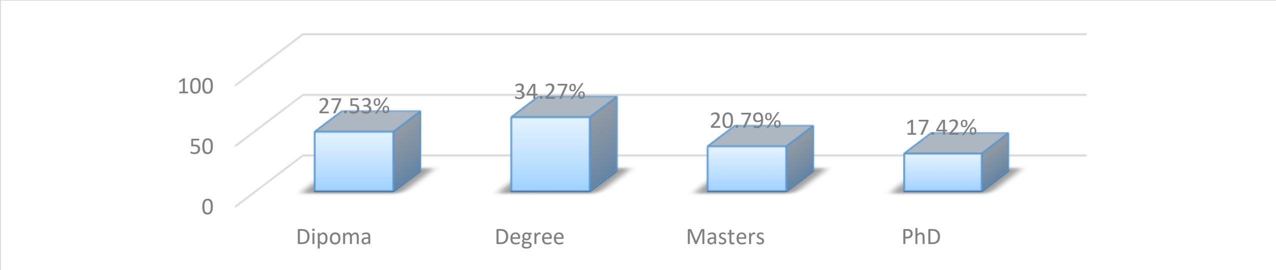

Figure 4: Highest Education Qualification

4.2 Multiple response analysis

The researcher carried out multiple response analysis which allowed creation of frequency distribution tables and cross tabulation for all the indicators with set of question. The results are displayed and discussed as follows:

4.2.1 Customer Involvement Strategy

As indicated in table 6, majority of the respondents 37% agreed that customer involvement strategies are in in influencing the banks performance while 16.9% and 10.3% disagreed and strongly disagreed respectively. A cumulative of 56.2% of the respondents supported the role of customer involvement strategies in influencing financial performance of the banks. Despite this, a cumulative of 26.9% of the respondents disagreed that customer involvement is key in influencing financial performance of the banks, while 17.3 neither disagreed of agreed.

Table 3: Effect of Customer Involvement Strategies on Performance of the Bank

	SA	A	NS	D	SD	Total
In our bank key customer focus involves the establishment of links between customer needs and satisfaction	31	70	27	31	19	178
In this bank knowledge management about customer satisfaction is critical for customer retention	40	62	29	28	19	178
In this bank we inform customer on migration of accounts to different segments	28	69	35	31	15	178
In our bank customer relation programs provides opportunities to interact with customers	32	68	30	27	21	178
In this bank we provide refreshments at banking halls for waiting customers	40	60	29	31	18	178
Total	171	329	150	148	92	890
Percent	19.20%	37.00%	16.90%	16.60%	10.30%	100.00%

4.2.2 Financial Performance

On measurement of financial firm performance of the commercial banks (see table 9) , 20.6% of the respondents strongly agreed, 35.7% agreed, 17.2% were not sure, 16.7% disagreed, while 9.8% strongly disagreed. More specifically, among those who strongly agreed, 24% of them strongly agreed that ROA of their firms is acceptable, 17.5% attributed that the revenues/ losses of the firm can be attributed to credit management, 18.6 confirmed that in the next 5 years, the firm will realise extended growth, 23% attributed that to enhance profits, credit management policies should be reviewed, while 16.9% confirmed that the profitability of the firm is comparable to the others in the industry.

Table 4: Financial Performance of Commercial Banks

	SA	A	NS	D	SD	Total
The firm’s ROA has been acceptable	44	57	28	30	19	178
The revenues/ losses of the firm can be attributed to credit management	32	69	33	27	17	178
In the next 5 years, the firm will realise extended growth	34	68	27	30	19	178
To enhance profits, credit management policies should be reviewed	42	57	30	31	18	178
The profitability of the firm is comparable to the others in the industry	31	67	35	31	14	178
Total	183	318	153	149	87	890
Percent	20.6%	35.7%	17.2%	16.7%	9.8%	100%

4.3 Regression Model

The researcher ran a regression analysis in order to establish the impact of the independent variable on the dependent variable (Financial performance). As specified in the model summary in table 9, adjusted R squared explains the deviation of the dependent variable based on the variations in the independent variables. From the findings in table 9, the adjusted R squared (0.86) indicates that there was 86% variation on financial performance as a result of changes in organization readiness, core competencies, customer involvement, information technologies strategies and firm size. As indicated in the table 9, the correlation coefficient (R-square) shows that the variables had a strong relationship of 92.9%.

Table 5: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.929[a]	.864	.860	.67025

From the ANOVA results in table 10, The F statistic value was greater than the F critical value of 218.257 which indicates that there was a statistically significant relationship between financial performance of the banks and the independent variable~~. T~~he significance value was less than 0.05 indicating goodness of fit of the model.

Table 6: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	490.242	1	98.048	218.257	.000[b]
	Residual	77.268	177	.449		
	Total	567.510	178			

4.4 Regression Coefficients

The estimated regression equation is defined as follows:

$$Y = 0.001 + 0.254X_1$$

The results in the regression equation indicates that customer involvement strategy influenced the financial performance of the banks positively, and statistically significant across the three levels of significance (1%, 5% and 10%). Holding all the independent variables constant, the banks financial performance would stand at 1 %(0.001 units). A unit increase in customer involvement, lead to a 25.4% increase in financial performance. The regression coefficient results are shown in table 11 below:

Table 7: Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.001	0.050		0.027	0.979
Customer Involvement	0.254	0.222	0.234	1.143	0.000

5. SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of findings and conclusion

The results of the study revealed that 56.2% of the respondents supported that customer involvement strategies are key in influencing financial performance of commercial banks. The regression results further revealed that an additional strategy focusing on customer involvement led to an increase in financial performance of the bank by 25.4%. The results of this study confirms Gavriel and Aviv (2017) findings which showed that highly performing firms configure themselves around their customer orientation strategies through interaction management, customer relationship upgrading, and customer win back capabilities.

Based on the findings of the study, the researcher concludes that innovative strategies by the commercial banks in form of customer involvement strategies plays a vital role in influencing the banks financial performance positively.

5.2 Recommendation

The researcher recommends that the regulator of the commercial banks, that is, the Central Bank of Kenya, should aim at creating an enabling environment that fosters innovative strategies by the banks. With properly instituted policies, commercial banks will realize profitability borne from innovations in process, market and product innovations, and ensuring that they operate efficiently leading to financial growth/performance.

On customer involvement strategies, the researcher recommends that the banks should focus assimilating customer's retention strategies which is important in telling the frequent customers, and hence being in better position to understand their needs since they are able to interact with them. Consequently, through this, the customer's opinions are taken in to account by the banks decision makers, which facilitates improvement in service delivery, translating to improved financial performance. Additionally, by improving customer orientation strategies, the customers will have knowledge about organization activities, hence ease and convenience in accessing these services which translates to improved financial performance.

ACKNOWLEDGEMENT

First is to thank the Almighty for God His Grace good health during research project development. I would like to appreciate my supervisor, DrKalunduKimanzi, PhD, CPA (K), for guidance in all the steps as I was undertaking this research project. Besides my supervisor, I further thank various lecturers who taught me different units that prepared me to work on this research project. I also want thank my friends Mr. Anthony KamauWainaina and Mr Kidake Victor for their academic support and reviews during the entire period of the research project development.

REFERENCES

1. Abetti, P. A. (2005). Case Study: The creative evolution of Steria: From French venture to European leader without loss of entrepreneurial spirit and control (1969–2004). *Creativity and Innovation Management*, *14*(2), 191-204.
2. Arthur, S. M. (2017). *Sustainable supply chain: Maintaining a competitive advantage in retail organizations* (Doctoral dissertation, Walden University).
3. Auernhammer, J., & Hall, H. (2014). Organizational culture in knowledge creation, creativity and innovation: Towards the Freiraum model. *Journal of Information Science*, *40*(2), 154-166.
4. Bamel, U. K., &Bamel, N. (2018). Organizational resources, KM process capability and strategic flexibility: a dynamic resource-capability perspective. *Journal of Knowledge Management*.
5. Greer, C. R., Carr, J. C., &Hipp, L. (2016). Strategic staffing and small-firm performance. *Human resource management*, *55*(4), 741-764.
6. Kothari, R., Buddhi, D., &Sawhney, R. L. (2008). Comparison of environmental and economic aspects of various hydrogen production methods. Renewable and Sustainable Energy Reviews, 12(2), 553-563.
7. Lynch, P., Walsh, M. M., & Harrington, D. (2010). Defining and dimensionalizing organizational innovativeness.
8. Nasution, F. N., &Rafiki, A. (2018). The effect of CRM on organization performance: A study of medium enterprises in Indonesia. *Journal of Entrepreneurship Education*, *21*(1), 24-49.
9. Ngari, J. M. K., &Muiruri, J. K. (2014). Effects of financial innovations on the financial performance of commercial banks in Kenya.
10. Rahim, R. A., bin Ahmad Tajuddin, M. A., Bakar, K. B. H. A., & Rahim, M. N. B. A. (2015). Migrant Labour and Issues on Outsourcing System in Malaysia. In *SHS Web of Conferences* (Vol. 18, p. 01003). EDP Sciences.
11. Schwab, K. (2018, November). The global competitiveness report 2018. In *World Economic Forum* (Vol. 671).
12. Soltani, Z., Zareie, B., Milani, F. S., &Navimipour, N. J. (2018). The impact of the customer relationship management on the organization performance. *The Journal of High Technology Management Research*, *29*(2), 237-246.
13. Tavassoli, S., &Karlsson, C. (2015). Persistence of various types of innovation analyzed and explained. *Research Policy*, *44*(10), 1887-1901.
14. Tidd, J. (2001). Innovation management in context: environment, organization and performance.

International journal of management reviews, 3(3), 169-183.

15. Trott, P., (2012). Innovation risks of outsourcing in pharmaceutical new product development. *Technovation*, *32*(2), 99-109.
16. White, M. A., &Bruton, G. D. (2010). *The management of technology and innovation: A strategic approach*. Cengage Learning.
17. Zikmund, W. G., Babin, B. J., Carr, J. C., & Griffin, M. (2010). Business Research Methods, South Western. *Cengage Learning*.
18. Zikmund, W. G., D'Alessandro, S., Winzar, H., Lowe, B., &Babin, B. (2014). *Marketing research*. Sydney: Cengage Learning.