European Journal of Economic and Financial Research
ISSN: 2501-9430
ISSN-L: 2501-9430
Available on-line at: http://www.oapub.org/soc

DOI: 10.46827/ejefr.v9i5.2108 Volume 9 │ Issue 5 │ 2025

EXPLORING STRATEGIC LEADERSHIP AS A DETERMINANT OF ORGANIZATIONAL PERFORMANCE IN TIER III COMMERCIAL BANKS WITHIN NAIROBI CITY COUNTY, KENYA

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Abstract:
This paper examines strategic leadership facets with regard to their influence on organizational performance among tier III commercial banks in Nairobi City County, Kenya. The operational effectiveness and productivity of financial institutions have been molded by evolving leadership patterns and ongoing modifications within their functional environment. It is notable that strategic leadership is the engine through which organizations are developed and sustained through proper implementation of well-defined strategies. However, the extent to which these leadership facets contribute to the overall organizational performance of tier III commercial banks is inadequately explored, especially within the Nairobi City County. Hence, this study was undertaken to fill the void. The study was supported by McKinsey 7s model and Situational Leadership Theory, employing a descriptive research design to examine the underlying relationships between the two variables. The study targeted all 22 tier III commercial banks in Nairobi County, from whom quantitative data were collected. Data analysis was carried out using descriptive statistics, correlation and regression analysis. Key among the findings indicated that different facets of strategic leadership affected organizational performance positively with evidence of beta value of (β_1) of 0.282. This illustrated statistically significant influence of the banks' strategic leadership on their organizational performance.

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JEL: G21 – Banks; Other Depository Institutions; Mortgages; M12 – Personnel Management; Executives; Executive Compensation; M10 – Business Administration: General; L21 – Business Objectives of the Firm; O15 – Human Resources; Human Development; Income Distribution; Migration

Keywords: strategic, leadership, organizational performance, tier III, commercial banks

1. Introduction

Organizational and financial performance are critical determinants of banks' sustainability, competitiveness, and contribution to the economy. Financial performance reflects a bank's ability to generate profits, remain solvent, and effectively manage risks, ensuring long-term stability. A well-performing bank is more likely to attract deposits, investments, and loans, which are essential for economic growth. Organizational performance. It encompasses efficiency in operations, customer service, and internal management, all of which are crucial in maintaining a bank's reputation and market position. According to Athanasoglou, Brissimis, and Delis (2022), an organization's financial performance is shaped by a combination of internal and external factors that can be optimized through strategic leadership of the banks.

1.1 Strategic Leadership

Strategic leadership is essential in defining an organization's vision, guiding decision-making processes, and ensuring long-term sustainability by aligning resources, culture, and strategies with its overarching goals. It involves guiding an organization toward its objectives through effective decision-making, innovation, and adaptability (Ireland & Hitt, 2005). Within the financial industry, where organizations function under strict regulations and intense competition, visionary governance is crucial for maintaining economic security, overseeing risks, and expanding market presence (Wan, 2025). Key measures of strategic leadership that significantly impact organizational performance include strategic direction, leadership styles, and setting organizational goals.

Leadership style significantly impacts corporate performance as a whole, employee engagement, innovation, and decision-making. Various leadership philosophies, including transactional, autocratic, democratic, and transformational leadership, impact an organization's adaptability and success in varying ways (Wan, 2025). Business requirements determine how successful an approach to management, market conditions, and cultural factors. Studies suggest that transformational leadership is more effective in driving long-term growth and innovation, while transactional leadership is beneficial for maintaining financial discipline and regulatory compliance (Balawi, 2024).

Setting clear, measurable, and strategic goals is essential for driving performance, measuring success, and aligning resources effectively (Luukkonen, 2025). Organizational goals provide employees with a clear direction and performance benchmarks, ensuring accountability and motivation

Risk management is an aspect of organizational performance, particularly in industries like banking and finance, where uncertainty, regulatory compliance, and market volatility are prevalent. Good risk management safeguards resources, improves decision-making, and guarantees business continuity (Wojtyto *et al.*, 2025). Organizations that implement comprehensive risk management strategies experience improved operational efficiency, financial stability, and competitive advantage.

The methodical approach for identifying, scrutinizing, and evaluating potential hazards that may negatively impact a business's objectives is known as risk assessment (ISO 31000, 2018). It involves recognizing risks related to financial losses, operational inefficiencies, cyber security threats, compliance issues, and reputational damage (Dion, 2020). By conducting a thorough risk assessment, organizations can anticipate potential challenges, to reduce dangers before they become more serious, focus on risks and distribute resources wisely.

Observation and assessment are crucial for gauging the efficacy of hazard mitigation plans and ensuring continuous improvement (ISO 31000, 2018). Organizations operate in dynamic environments where risks evolve due to market fluctuations, technological advancements, regulatory changes, and geopolitical uncertainties (Mupa *et al.*, 2024). Regular monitoring helps detect emerging risks early, allowing organizations to adjust their strategies before they escalate into major threats. Effective risk monitoring entails the application of Crucial Hazard Indicators (CHIs), operational benchmarks, internal audits, and compliance checks (Mansoor *et al.*, 2022). In commercial banks, for instance, financial firms must comply with regulatory agencies like the Basel Committee on Banking Supervision (BCBS) to implement continuous risk monitoring to maintain financial stability.

The term "risk response" describes the steps taken to mitigate hazards that have been discovered by either avoiding, mitigating, transferring, or accepting them (Njoga & Deya, 2024). The choice of risk response strategy depends on the organization's risk appetite, financial capacity, and industry regulations (Wojtyto *et al.*, 2025). A well-executed risk response strategy enhances organizational performance by reducing financial losses, improving regulatory compliance, safeguarding reputations, and increasing investor confidence (Mansoor *et al.*, 2022). Organizations that fail to implement effective risk responses are more vulnerable to crises, as seen in high-profile corporate failures such as Lehman Brothers (2008) and Enron (2001).

1.2 Organizational Performance

Gutterman (2023) defined organizational performance as the comprehensive assessment of a company's functional achievements and its value provided to interested parties. This performance can be evaluated using various indicators, encompassing originality, output, invention, excellence dedication, engagement, judgment, allegiance, performance, competency, diligence, and financial gain. Similarly, Mbithi (2020) underscored that an enterprise's operational achievements are evidenced by its capacity to attain profitability goals while effectively addressing customer needs through skillful operations and enhanced employee motivation.

Organizational performance pertains to the quantifiable results or achievements attained by an organization in relation to its set goals. It encompasses various fields, such as finance, strategic management, legal structures, operations, and organizational growth (Aguilera *et al.*, 2024). Organization's ability to effectively accomplish its vision, mission, and strategic goals is measured using the Balanced Scorecard technique. Assessing company effectiveness is a key element of strategic planning, as it provides managers with valuable insights into their entities' operational success. A hands-on approach to performance monitoring enables leaders to formulate appropriate strategies that align with their business environments and mitigate uncertainties (Lapshun & Fusch, 2023).

Customer satisfaction serves as a key indicator of organizational performance, as it demonstrates how well a company's products or services align with or surpass customer expectations. When customer satisfaction levels are high, businesses benefit from enhanced customer loyalty, stronger brand advocacy through positive word-of-mouth, and increased revenue growth (Kotler & Keller, 2021). Businesses often measure Customer satisfaction can be assessed using various methods, including surveys and Net Promoter Scores (NPS. These measurements offer important perspectives on customer interactions, loyalty, and overall brand perception (Parasuraman, Zeithaml, & Berry, 2020). Companies that prioritize customer satisfaction implement strategies such as personalized services, responsive customer support, and continuous improvement of product quality (Marcos & Coelho, 2022). Research indicates that Businesses that achieve high customer satisfaction often gain a competitive financial advantage, as satisfied Individuals exhibit a heightened probability of engaging in recurrent acquisitions and vigorously endorse the trademark through recommendations, leading to increased revenue and market share (Oliver, 2023).

The efficiency of internal processes is another essential measure of organizational performance. Internal processes refer to the workflows, procedures, and operational systems that enable an organization to deliver its products or services efficiently (Mupa *et al.*, 2024). A well-structured internal process leads to reduced costs, faster production cycles, and improved service delivery. Companies assess this metric by evaluating fundamental achievement indices, like system output and monetary decrease, and operational bottlenecks (Hammer & Champy, 2021). Organizations that optimize their internal processes benefit from enhanced resource utilization, reduced waste, and improved coordination among departments. For example, Toyota's Lean Manufacturing System targets on removing inefficiencies and streamlining production, which has enabled the company to sustain elevated quantities of efficiency and product quality (Ghelani, 2021).

Innovation holds a crucial position in establishing a company's sustained prosperity and serves as a critical indicator of its overall performance. It encompasses a company's capability to introduce new products, services, or business processes that generate meaningful value for both customers and stakeholders (Agustian *et al.*, 2023). Innovation can be measured through indicators such as research and development (R&D) investment, the number of new patents filed, and the successful commercialization of new ideas (Tidd & Bessant, 2019). Organizations that emphasize innovation get competitive edge by differentiating themselves in the market and responding effectively to changing consumer demands.

Productivity is a fundamental measure of organizational performance, reflecting the effectiveness with which a firm employs its assets to produce results. It is commonly assessed using metrics such as output per employee, revenue per hour worked, and overall labor efficiency (Gutterman, 2023). High productivity enables organizations to lower operational costs, improve profitability, and maintain competitive pricing in the market (Oteri *et al.*, 2023). Organizations enhance productivity through automation, employee training, and process optimization.

1.3 Tier Three Commercial Banks in Kenya

The Kenyan national financial regulatory authority divides commercial banking institutions within Kenya into three distinct levels, based upon their market influence and asset portfolios, financial capital, and customer deposits.

According to CBK (2023),

> "*Large banks with capital, assets, and client deposits in the billions make up Tier 1. At the moment, nine banks in Kenya are categorized as tier 1. Whereas the present commercial bank market being held by these nine entities comprises 65.4% of total deposits, 66.7% of savings, 90.3% of savings, and 94.1 % of credit portfolios.*
> *The subsequent level, encompassing a grouping of eight financial institutions, accounts for 3.8% of all loan accounts, 7.6% of deposit accounts, 0.25% of all deposits, and 26% of the commercial banking industry. Tier three commercial banks consist of twenty-two banks which control 8.9% of the commercial bank market share, 8.2% of total deposits, 1.8% of deposit accounts, and 1.8% of loan accounts*".

Based on variables including assets, capital, reserves, client deposits, and loans, the Central Kenya's central monetary authority classifies banking entities into three segments according to the size of their markets. Category three lenders denote minor financial institutions, holding a total market stake of 8.4% according to the latest 2023 fiscal entity regulatory annual report released by the national financial regulator. These banks are vital in supplying focused services, frequently serving particular market niches and distinct client groups.

As per the Central Bank of Kenya's (2022) assessment,

> "*The financial sector has experienced swift growth lately. Nevertheless, scrutiny based on tier categorization revealed a 2.2% decline in tier three commercial banks' earnings before taxation during 2015–16. This stemmed from five of these entities, exemplified by the*

Consolidated Bank, Jamii Bora Bank and Community Bank declaring deficits. Deficit of Kshs. 277.0 million, Kshs. 490.0 million and Kshs. 41.0 million was reported by the three banks, respectively. Conversely, due to their failure to uphold suitable capital and liquid asset ratios, coupled with their considerable problematic loan collections and insufficient organizational management structures, Dubai Bank and Imperial Bank were subjected to administration."

During a similar period, the study asserted that

"Tier 3 banks have the highest cost of funding, and by all means, it can be seen that economies of scale have worked to the advantage of higher banks concerning funding costs."

The large banks have embraced the agency banking model to augment their wide branch network in mobilizing deposits, aside from non-deposit avenues of funding, such as specialized lines of credit and capital markets, which are not easily accessible to the smaller bankers.

2. Literature Review

2.1 Theoretical Review

The study was anchored on the McKinsey 7S model. The model originated in the nineteen-eighties through McKinsey advisors Tom Peters, Robert Waterman, and Julien Philips, integrating perspectives from Richard Pascale and Anthony G. Athos (Al Tamimi, 2023). Following its original formulation, this model has achieved widespread recognition among both scholars and industry professionals, establishing itself as one of the most commonly utilized strategic planning frameworks. Unlike traditional approaches that prioritized physical assets such as capital, infrastructure, and equipment, the 7S model placed a stronger emphasis on human resources as a fundamental driver of organizational success.

The model highlights the importance of aligning seven key elements within an organization: Framework, Approach, Expertise, Workforce, Method, Processes, and Common Principles (Jain & Kansal, 2023). The core idea is that these elements are interconnected, implying that any alteration in one aspect requires corresponding changes in the others to sustain overall operational efficiency. By ensuring coherence among these elements, businesses can enhance performance and adaptability in a dynamic environment.

The model outlines seven critical internal elements that need to be coordinated for an organization to achieve success (Ravanfar, 2015). Recognized as one of the most effective frameworks for managing high-performing organizations, this model enhances organizational efficiency by assessing the potential impact of future changes and determining the most effective strategies for execution (Jain & Kansal, 2023).

The McKinsey 7S framework consists of seven components, divided into two classifications: tangible aspects (encompassing framework, processes, and planning) and intangible aspects, which consist of personnel, expertise, core principles, and approach (Jain & Kansal, 2023). By ensuring alignment between these components, organizations can achieve greater adaptability, improved performance, and long-term success.

Al Tamimi (2023) states that the strategy part of the McKinsey 7S model is the plans for allocating the organization's resources as a way to fulfill the intended objectives, whereas the structure element is the interaction between the organization's roles. The systems that include the organization's shared values and processes and procedures for carrying out operations are also components of the McKinsey 7S model. In essence, style refers to the methods that employees of a business use to accomplish the goals that have been established. The final two components are the skills and staff, which represent the workforce's capabilities based on their competencies and the category of human resources inside the firm (Kuzmin & Ummatov, 2025).

Ravanfar (2015) outlines several key steps in applying the McKinsey 7S model, beginning with identifying misaligned elements by assessing discrepancies, weaknesses, and gaps within the organization. Once these areas of misalignment are recognized, senior management must define an optimal organizational structure and strategy that aligns with their desired objectives (Kuzmin & Ummatov, 2025).

2.2 Empirical Review

Directional guidance holds substantial significance in influencing corporate achievement throughout diverse sectors and societal settings. Islam (2024) examined the effect of directional guidance on the productivity of Bangladeshi service-oriented firms through an investigative inquiry framework. The analysis, encompassing 112 service providers, revealed a beneficial association between directional guidance methodologies and corporate productivity. Nevertheless, the examination occurred within a distinct societal and industrial milieu compared to the present inquiry, and it failed to explicitly connect strategic orientation to productivity within the philanthropic emergency medical transportation field.

Analogously, Nwaigwe (2023) scrutinized the influence of directional guidance on the productivity of financial institutions in Nigeria. Utilizing a survey methodology with segmented probabilistic selection, 235 surveys were disseminated to personnel spanning operational, promotional, and protective divisions. Employing a Likert-scale questionnaire and interpreting data through SPSS, their research indicated a pronounced favorable relationship between directional guidance and financial institution productivity. However, the study's geographic scope was restricted to Nigeria, diminishing the applicability of its outcomes to alternative areas and sectors.

Mwaniki and Gathenya (2022) undertook an investigation into the function of strategic administration in personnel productivity, specifically within the Kenyan electrical utility provider in the Nairobi West vicinity. Through a case-focused descriptive survey, the investigation targeted all personnel across 12 divisions, totaling 914 individuals. The study determined that directional guidance substantially impacted personnel productivity and suggested enhancements in strategic administration to bolster workforce efficiency.

Conversely, Fritch (2024) highlighted the failure of strategic leadership in public organizations within developing countries, attributing this to weak governance in project execution and technical development areas. The study emphasized that ineffective leadership hampers the successful implementation of new strategies, posing risks to organizational growth and performance. These findings underscore the need for targeted training to equip leaders with the necessary skills. Based on this perspective, developing strategic leadership competencies in leaders (especially in SACCOs and other organizations) is essential for ensuring long-term success and effective strategic execution.

Overall, the reviewed studies consistently demonstrate that strategic leadership has a substantial impact on organizational performance. However, they also reveal gaps in the literature, particularly in linking strategic direction to specific industries such as the charitable ambulance service sector. Additionally, while studies affirm the positive relationship between strategic leadership and performance, contextual and sectoral differences highlight the need for further research to understand how strategic leadership can be optimized across various organizational settings.

3. Methodology

The study adopted a descriptive approach that involved gathering information to evaluate the respondents' views on the role of strategic leadership in shaping performance of the tier III commercial banks. A key benefit of this technique is its broad application in outlining behaviors, principles, perspectives, and attributes. The researcher was able to gather firsthand information about how strategic leadership techniques affect the organizational performance of tier III commercial banks in Nairobi County, Kenya, thanks to this research framework.

The focus of this research was on 22 tier III commercial banks operating in Kenya as of December 2023 (CBK, 2023). The study used a census survey; hence, no sampling was required.

Table 1: Target Population

Categories	**Department**	**Number**
Senior Level Managers	Human Resource	22
Head of Department	Operations	22
Supervisors	Customer Care	22
Total		**66**

Source: CBK (2023).

Therefore, the study relied on primary data that was gathered through structured questionnaires containing closed-ended questions to capture respondents' opinions.

Questionnaires were preferred as they were easy to administer and facilitated efficient data collection within a short timeframe, as was also recommended by Singh (2025). The questionnaire was structured into three parts: the initial section gathered demographic information from participants; the subsequent section included a subsection addressing the independent variable (strategic leadership), and the final section concentrated on the dependent variable (organizational performance of the sampled banks).

4. Results and Discussion

4.1 Descriptive Findings

The descriptive statistics focused on the mean and standard deviations for each of the study questionnaire items assessing strategic leadership in commercial banks, as shown in Table 2. The responses were based on a 5-point Likert scale, running from 1 - Strongly Disagree (SD), to 5 - Strongly Agree (SA).

Table 2: Strategic Leadership and performance of tier III commercial banks

	SA	A	N	D	SD	Mean	Std. Dev.	Skewness	Kurtosis
The strategic leadership of the commercial bank is established by a well-defined purpose, vision, and goals.	25	41	0	0	0	4.38	.489	.511	-1.794
The choices made within commercial banks are transparent, straightforward, and well-informed across all levels.	17	49	0	0	0	4.26	.441	1.135	-.736
Clear strategic leadership results from a structured and transparent strategic planning process.	17	41	8	0	0	4.14	.605	-.064	-.266
Every employee, regardless of grade or position, participates in the development of the commercial banks' strategies.	3	62	0	1	0	4.02	.328	-2.395	-5.075
Regular reviews and revisions are made to the tactics as needed.	9	40	17	0	0	3.88	.621	.081	-5.075
Overall Mean						**4.14**			

For the statement "The strategic leadership of the commercial bank is established by a well-defined purpose, vision, and goals," 25 (37.9%) of the respondents strongly agreed, and 41 (62.1%) agreed, with no respondents selecting neutral, disagree, or strongly disagree. This statement recorded a mean of 4.38 and a standard deviation of 0.489. The high mean (4.38, SD = 0.489) indicates strong agreement among participants. The low standard deviation suggests minimal variability, reflecting consensus. The positive skewness (0.511) implies a slight right-tailed distribution, meaning some respondents were even more strongly in agreement. The negative kurtosis (-1.794) indicates a flatter distribution than normal, suggesting that while most responses clustered around high agreement, a few divergent responses reduced peakness.

The statement "The choices made within commercial banks are transparent, straightforward, and well-informed across all levels" 17 (25.8%) of the respondents strongly agreed, and 49 (74.2%) agreed, with no neutral, disagree, or strongly disagree responses. also received strong agreement (M = 4.26, SD = 0.441). The higher skewness (1.135) indicates a more pronounced right-tail, meaning a subset of respondents expressed even stronger agreement. The negative kurtosis (-0.736) again suggests a flatter distribution than normal, with some variability in responses.

For "Clear strategic leadership results from a structured and transparent strategic planning process," 17 (25.8%) of the respondents strongly agreed, 41 (62.1%) agreed, and 8 (12.1%) were neutral, with no respondents disagreeing or strongly disagreeing. the mean (4.14, SD = 0.605) reflects agreement, with slightly more variability than previous items. The near-zero skewness (-0.064) suggests a roughly symmetrical distribution, while the negative kurtosis (-0.266) indicates a mild flattening compared to a normal curve.

The statement "Every employee, regardless of grade or position, participates in the development of the commercial banks' strategies" 3 (4.5%) of the respondents strongly agreed, 62 (93.9%) agreed, 1 (1.5%) disagreed, and no respondents were neutral or strongly disagreed. The study had a mean of 4.02 (SD = 0.328), indicating neutral to slight agreement. The extremely low standard deviation suggests near-uniform responses, while negative skewness (-2.395) and negative kurtosis (-5.075) imply a flat, uniform distribution with minimal variability.

Finally, "Regular reviews and revisions are made to the tactics as needed" 9 (13.6%) of the respondents strongly agreed, 40 (60.6%) agreed, and 17 (25.8%) were neutral, with no respondents disagreeing or strongly disagreeing. The responses had the lowest mean (3.88, SD = 0.621), suggesting moderate agreement with some variability. The slight positive skewness (0.081) indicates a minor right-tail, while the negative kurtosis (-0.371) confirms a flatter distribution than normal. The overall mean of 4.14 suggests that, on average, respondents agreed with the statements regarding strategic leadership.

4.2 Correlation Analysis

The correlation analysis was conducted to determine the relationship between the measures of the banks' strategic leadership and their organizational performance.

The correlation analysis reveals significant positive relationships between organizational performance and strategic leadership aspects of the tier III commercial banks in Nairobi City County, Kenya, as shown in Table 3.

Table 3: Correlation Analysis

		Organizational performance	Strategic leadership
Organizational performance	Pearson Correlation	1	
	Sig.		
Strategic leadership	Pearson Correlation	.614**	1
	Sig.	.031	

Strategic leadership demonstrated a significant and positive correlation with organizational performance (r = 0.614, p = 0.031), indicating that effective leadership practices substantially enhance bank performance, consistent with findings by Ofori-Acquah *et al.* (2022) in Ghanaian financial institutions.

4.3 Regression Analysis

The study sought a regression model to illustrate the effects of strategic leadership on organizational performance of tier III commercial banks in Nairobi City County, Kenya.

4.3.1 Model Summary

The model summary in Table 4 shows R=0.791, which indicates the Pearson correlation coefficient, which shows a strong correlation between measures of the banks 'strategic leadership and their organizational performance. The R-squared =0.625, indicating that 62.5% of the variance in organizational performance was explained by the variations in strategic leadership; the remaining 37.5% of the variance was explained by factors not included in the model.

Table 4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.791	0.625	0.601	0.32308
a. Predictors: (Constant), strategic leadership				

4.3.2 Analysis of Variance

The ANOVA Table 5, shows the F-statistic of 25.519, which measures the ratio of explained variance (regression mean square) to unexplained variance (residual mean square), with larger values suggesting a stronger collective predictive power of the independent variables. P-value <0.05, indicates that the regression model was significant in expressing the effects of strategic leadership on the banks' organizational performance.

Table 5: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	10.618	4	2.654	25.519	0.000
	Residual	6.367	61	.104		
	Total	16.985	65			
a. Dependent Variable: organizational performance						
b. Predictors: (Constant), strategic leadership						

4.3.3 Regression coefficient Analysis

The regression coefficient analysis was summarized on Table 6.

Table 6: Regression Coefficient Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.963	.311		3.096	.003
	Strategic leadership	.282	.065	.384	4.338	.000
a. Dependent Variable: organizational performance						

$Y = 0.963 + 0.282X_1$

Table 6 shows that a unit change in strategic leadership leads to a 0.282 standard deviation increase in organizational performance. This underscores the critical role of visionary leadership in driving innovation, employee motivation, and long-term strategic planning.

4.4 Discussion of Findings

Strategic leadership demonstrated a significant and positive correlation with organizational performance ($r = 0.614$, $p = 0.031$), indicating that effective leadership practices substantially enhance bank performance, consistent with findings by Ofori-Acquah *et al.* (2022) in Ghanaian financial institutions. The regression analysis further found that strategic leadership had a positive and significant effect on organizational performance of tier III commercial banks in Nairobi City County, Kenya (β=0.282, p-value=0.000). This underscores the critical role of visionary leadership in driving innovation, employee motivation, and long-term strategic planning. The current study's finding that strategic leadership positively affects performance is corroborated by multiple studies. Islam (2024) and Soomiyol *et al.* (2023) found strong leadership-performance linkages in Arabian service firms and Nigerian banks, respectively. Mwaniki & Gathenya (2022) also confirmed that strategic leadership improves employee productivity in Kenyan utilities, aligning with the present research.

However, Fritch (2024) highlighted leadership failures in developing nations, where weak governance and poor execution hinder performance. This suggests that while strategic leadership generally enhances outcomes, its effectiveness depends on governance quality and implementation capacity.

5. Recommendations

Having established the crucial contributions of strategic leadership to the organizational performance of a tier III commercial bank, the study recommends regular undertaking of leadership development programs. For instance, regulatory bodies should mandate leadership training programs for bank executives, focusing on strategic vision, innovation, and governance. Additionally, CBK could introduce corporate governance codes requiring tier III banks to adopt succession planning and leadership development initiatives.

Given the strong impact of strategic leadership, bank executives should undergo continuous leadership development programs, focusing on strategic foresight and employee motivation. Leadership should also foster a culture of innovation to adapt to market changes.

6. Conclusion

The study concludes by noting the significant positive effects of strategic leadership on performance. This finding contributes to the literature by underscoring the critical role of visionary leadership in fostering innovation, employee motivation, and long-term planning within smaller banking institutions. It also provides new insights into how leadership practices in tier III banks differ from those in larger financial organizations, particularly in resource-constrained settings.

Acknowledgements

The authors express great appreciation to all the personnel at the 22 commercial banks that took part in the study. Their unreserved provision of the relevant information made this study a success. The authors also appreciate every individual at Kenyatta University who contributed to the undertaking of this study.

Conflict of Interest Statement

The authors declare no conflicts of interest.

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