FINANCIAL INCLUSION, COMPETITIVE LANDSCAPE AND ORGANIZATIONAL PERFORMANCE OF SELECTED COMMERCIAL BANKS IN UASIN GISHU COUNTY

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DECLARATION

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DEDICATION

I dedicate this research thesis to my late father (Cpt) Sylvester Kipchumba Biwott, my beloved mother Rael Kiptoo Biwott and siblings for their prayers, love, understanding, encouragement and support while conducting this study and throughout the course.

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May God bless you all.

ABSTRACT

Organizational performance in Kenya continues to face challenges, as evidenced by a consistent decline in return on investment. For example, the Return on Assets (ROA) in the Kenyan banking sector dropped from 3.2% in 2022 to 2.8% in 2023, reflecting reduced profitability. The purpose of the study was to investigate the financial inclusion and organizational performance of selected commercial banks in Uasin Gishu County. The study was guided by four specific objectives; to investigate the influence of financial literacy, technology adoption, lending practices, and income levels on organizational performance of selected commercial bank, and a moderator to determine the influence of competitive landscape on the relationship between financial inclusion and organizational performance of selected commercial banks. This study was guided by the following theories; the systems theory of financial inclusion, organizational performance theory, and competitive/market landscape theory. The study adopted explanatory research design. The study targeted 748 employees. This study employed a stratified random sampling to select a sample of 261 respondents determined by Yamane formula. The study used questionnaires as the data collection tool. The study tested for reliability and validity and pilot study carried out in Nakuru County. Both descriptive and inferential statistics were utilized. Multiple regression analysis was used to determine the effect of financial inclusion on organizational performance whereas hierarchical multiple regression was adopted to test for the moderating effect. Results showed that a positive and significant effect of financial literacy ($\beta = 0.289$, $p < 0.001$), technology adoption ($\beta = 0.161$, $p = 0.004$), lending practices ($\beta = 0.325$, $p < 0.001$) and income levels ($\beta = 0.122$, $p = 0.029$) on bank performance. Hierarchical regression showed that competitive landscape significantly moderates the relationship between financial literacy and organization performance ($\beta = 0.56$, $p < 0.05$, $R^2\Delta = 0.11$), relationship between lending practices and the organizational performance of commercial banks ($\beta = 0.53$, $p < 0.05$, $R^2\Delta = 0.08$), and relationship between income levels and the organizational performance of commercial ($\beta = 0.37$, $p < 0.05$, $R^2\Delta = 0.030$). However, findings indicated that the competitive landscape does not significantly increase the explained variance of technology adoption on bank performance ($\beta = 0.33$, $p > 0.05$, $R^2\Delta = 0.000$). In conclusion, the study asserts that financial literacy, technology adoption, lending practices, and income levels are essential aspects of financial inclusion that significantly enhance organizational performance. Additionally, the competitive landscape plays a crucial role in shaping this relationship. Based on these findings, the study recommends that regulators implement standardized financial literacy programs to empower consumers. It is also essential to encourage the adoption of technological tools, ensuring the availability of user-friendly mobile and online banking platforms. Furthermore, banks should develop clear communication strategies that clearly outline lending processes and conditions. Conducting thorough market research to understand the diverse financial needs of various income segments is vital for creating suitable financial products, such as affordable loans and savings plans. Finally, banks should regularly perform competitive analysis to remain informed about market trends and competitor strategies, which can help them effectively, navigate the evolving financial landscape.

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LIST OF ABBREVIATIONS AND ACRONYMS

ANOVA	Analysis of Variene
CAR	Capital Adequacy Ratio
CIR	Capial Investment Ratio
KMO	Kaiser-Meyer-Olkin
LCR	Liquidity Coverage Ratio
NPL	Non-Performing Loan
NSFR	Net Stable Funding Ratio
OER	Operating Expense Ratio
PMJDY	Pradhan Mantri Jan Dhan Yojana
ROA	Return on Assets
ROE	Return on Equity
ROI	Return on Investment
USA	United States of America

OPERATIONAL DEFINITION OF TERMS

Competitive Landscape This is an overall market environment in which businesses operate, encompassing factors such as the number and strength of competitors, market concentration, pricing strategies, and differentiation tactics (Louzis et al., 2020; Beck et al., 2021)

Financial Inclusion is a accessibility and availability of financial services to individuals and businesses, including transactions, savings, credit, and insurance, delivered in an affordable and sustainable manner ((Demirguc-Kunt & Klapper, 2020; World Bank, 2022).

Financial Literacy This refers to ability to understand and effectively use various financial skills, including personal financial management, budgeting, investing, and understanding financial products and services (World Bank, 2022)

Income Levels is the amount of money earned by individuals, households, or populations within a specific time frame, typically measured on an annual basis (Zhu & Zhang, 2023).

Lending Practices is a standard, processes, and policies that financial institutions use when providing loans to individuals, businesses, or other entities (Ghosh, 2021).

Organizational

Performance This how well an organization meets its goals, mission and vision by efficiently using its resources. (Chenhall, 2021).,

Technology Adoption: is a process by which individuals, businesses, or societies embrace and integrate new technologies into their daily activities or operations (Rogers, 2020).

CHAPTER ONE

INTRODUCTION

1.0 Overview

This chapter introduces the research by providing an overview of the background of the study. It outlines the problem statement and sets out the objectives of the study, and research hypotheses to guide the investigation. Additionally, it discusses the significance of the study and defines its scope.

1.1 Background of the Study

Organization performance within the commercial banking sector is a broad concept whose definition encompasses various metrics that assess the effectiveness, efficiency, and profitability of financial institutions (World Bank, 2018). Key aspects that define performance include financial metrics such as Return on Equity (ROE), Return on Assets (ROA), and efficiency ratios like the Cost-to-Income Ratio (CIR) and Operating Expense Ratio (OER). ROE measures the profitability of a bank by indicating how much profit it generates with shareholders' equity, reflecting its ability to generate returns for investors (Berger et al., 2024). Similarly, ROA assesses the bank's profitability relative to its total assets, indicating its efficiency in utilizing assets to generate profits (Karadagli et al., 2020).

Efficiency ratios such as CIR and OER evaluate the bank's operational efficiency by measuring the proportion of operating expenses to income, highlighting its ability to manage costs and optimize resources (Chowdhury et al., 2021). Another important aspect of performance in commercial banking is asset quality, which is often measured by the

Non-Performing Loan (NPL) ratio. The NPL ratio reflects the quality of the bank's loan portfolio by indicating the proportion of loans that are in default or overdue. High NPL ratios suggest poor credit risk management practices and potential financial instability (Jokipii & Milne, 2019).

Liquidity and capital adequacy are vital indicators of a bank's performance. Liquidity ratios, such as the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), assess the bank's ability to meet short-term obligations and withstand liquidity shocks (Buchanan et al., 2020). Capital adequacy ratios, such as the Capital Adequacy Ratio (CAR) and Tier 1 Capital Ratio, evaluate the bank's ability to absorb losses and maintain solvency, ensuring financial stability (Naceur & Kandil, 2019).

Financial inclusion is defined as the accessibility and availability of financial services to all segments of society, particularly to those traditionally excluded from the formal financial system. It encompasses various dimensions, including access to savings, credit, insurance, and payment services, as well as financial literacy and consumer protection (World Bank, 2019). The concept acknowledges that financial services play a crucial role in building economic development, reducing poverty, and promoting social inclusion by enabling individuals and businesses to participate more fully in the economy (Demirguc-Kunt & Klapper, 2019).

One aspect of financial inclusion is access to basic banking services, such as savings and transaction accounts, which provide individuals with a safe and convenient means of storing and managing their money. Additionally, it involves access to credit and insurance services, allowing individuals and businesses to invest in productive activities, mitigate

risks, and protect themselves against unforeseen events (Demirguc-Kunt & Klapper, 2019). Furthermore, financial inclusion encompasses access to payment services, such as electronic transfers and mobile money, which facilitate transactions and reduce reliance on cash-based economies (World Bank, 2019).

A key component of financial inclusion is financial literacy, which refers to the knowledge, skills, and attitudes required to make informed financial decisions. Improving financial literacy empowers individuals to effectively manage their finances, understand financial products and services, and navigate the complexities of the financial system (Lusardi & Mitchell, 2020). Moreover, financial inclusion emphasizes the importance of consumer protection mechanisms to safeguard the interests of vulnerable groups and ensure fair and transparent dealings in financial markets (World Bank, 2019).

In the context of this study, technology adoption among commercial banks in Uasin Gishu County represents a pivotal factor influencing their organizational performance. Technology adoption refers to the extent to which banks integrate innovative technological solutions into their operations, such as digital banking platforms, artificial intelligence-driven analytics, and blockchain technology. Research by Gaganis and Pasiouras (2021) emphasizes the significant impact of technology adoption on enhancing efficiency, reducing operational costs, and improving customer experience within the banking sector. Moreover, as highlighted by Agbola et al. (2021), technology adoption plays a crucial role in driving financial inclusion by expanding access to banking services, particularly in remote areas where traditional brick-and-mortar branches may be inaccessible. Therefore, examining the level of technology adoption among commercial banks becomes imperative

in understanding its implications for their overall performance and contribution to financial inclusion efforts.

Income levels of customers served by commercial banks also constitute a vital aspect within the study's framework. Income levels reflect the financial capacities and diversity of the customer base, which significantly influence banks' lending practices, revenue streams, and overall profitability. Studies such as those conducted by Lusardi and Tufano (2020) underscore the importance of considering income levels in financial decision-making and access to banking services. Furthermore, disparities in income distribution can impact banks' outreach strategies and product offerings, with implications for financial inclusion objectives (Demirgüç-Kunt et al., 2018). By assessing the income levels of customers served by commercial banks in Uasin Gishu County, this study aims to elucidate their relationship with organizational performance and their role in shaping financial inclusion outcomes.

Lending practices represent another crucial dimension examined within this study. Lending practices encompass the strategies and criteria employed by banks in extending credit, managing loan portfolios, and assessing creditworthiness. Research by Kablan and Yousfi (2021) underscores the significance of prudent lending practices in ensuring financial stability and mitigating credit risk within the banking sector. Moreover, effective lending practices are instrumental in fostering economic growth by providing businesses and individuals with access to capital for investment and consumption purposes (Beck & Demirgüç-Kunt, 2008). By analyzing the lending practices of commercial banks in Uasin Gishu County, this study seeks to evaluate their impact on organizational performance and their contribution to broader financial inclusion objectives.

Financial inclusion encompasses a range of initiatives aimed at expanding access to financial services and improving the financial well-being of individuals and communities. By addressing barriers to financial access and promoting financial literacy and consumer protection, policymakers and stakeholders can work towards creating a more inclusive and sustainable financial system that benefits all members of society (Demirguc-Kunt & Klapper, 2019; World Bank, 2019).

The competitive landscape within the banking industry may be defined as the dynamic interactions among various financial institutions operating within a specific market. It includes factors such as the number of competitors, market concentration, and the strategies employed by these institutions to gain a competitive advantage (Chen & Chien, 2020). In recent years, with the advent of technological advancements and regulatory changes, the competitive dynamics within the banking sector have undergone significant transformations, impacting both performance and financial inclusion initiatives (Claessens, 2009).

As banks compete for market share and customers, their strategies often influence their performance metrics such as profitability, efficiency, and market share. For instance, banks may engage in aggressive pricing strategies, product differentiation, or technological innovation to attract and retain customers, thereby affecting their financial performance (Chen & Chien, 2020). Moreover, the level of competition in a market can exert pressure on banks to improve their operational efficiency and innovate in order to remain competitive, ultimately impacting their overall performance outcomes (Claessens & Laeven, 2022).

Furthermore, the competitive landscape plays a crucial role in shaping financial inclusion efforts within a market. In highly competitive environments, banks may be incentivized to expand their service offerings and reach underserved populations in order to differentiate themselves from competitors and capture new market segments (Claessens, 2020). This can lead to increased access to financial services for previously marginalized groups, contributing to broader financial inclusion goals. Conversely, in less competitive markets, banks may have less incentive to invest in expanding their outreach, potentially hindering efforts to promote financial inclusion (Chen & Chien, 2020).

A recent study by Smith *et al*., (2023) explored the relationship between technological innovation and financial performance in the banking industry, with a focus on how the competitive landscape moderates this relationship. Drawing on data from a sample of banks across various markets, the study found that while technological innovation positively influenced financial performance metrics such as profitability and efficiency, the effect was significantly moderated by the competitive dynamics within each market (Smith et al., 2023). Specifically, in highly competitive markets with numerous players vying for market share, the impact of technological innovation on financial performance was more pronounced, suggesting that banks operating in such environments were able to leverage innovation more effectively to gain a competitive edge.

The competitive landscape as the moderator for this study is being tested to establish how it affects the relationship between organizational performance and financial inclusion within the banking sector. By understanding the dynamics of competition within a market, policymakers, regulators, and financial institutions can develop strategies to develop healthy competition while promoting financial inclusion. This involves balancing the need

for market efficiency and innovation with the goal of ensuring equitable access to financial services for all members of society (Claessens, 2020). Thus, an effective regulatory framework and strategic decision-making by banks are essential in navigating the complex interplay between competition, performance, and financial inclusion in the banking sector.

Uasin Gishu County was chosen for this study due to its unique blend of economic activities and significant presence of commercial banks, making it a good representation of financial trends in Kenya. The county's economic diversity, ranging from agriculture to trade and services, provides a good environment to analyze how financial inclusion impacts bank performance. Additionally, Uasin Gishu is economically diverse making it an ideal location to explore the moderating role of the competitive landscape in shaping the relationship between financial inclusion and the performance of commercial banks, offering valuable insights that can be generalized to other regions with similar economic profiles.

1.2 Statement of the Problem

Commercial banks in Uasin Gishu County are grappling with multiple interrelated challenges, including weak return on investments (ROI), intense competition, inadequate human capital, poor loan-to-deposit ratios, and weak liquidity positions. These challenges reflect broader issues facing the Kenyan banking sector, where regulatory requirements, macroeconomic instability, and evolving customer expectations exert additional pressure on profitability and sustainability (Odhiambo & Wanjira, 2019).

Recent data illustrate these pressures. For instance, the Kenya Banking Sector's Return on Assets (ROA) declined to 2.8% in 2023, down from 3.2% in 2022, indicating diminishing profitability across the sector (Kenya Bankers Association, 2024). Similarly, the Liquid Assets to Deposits and Short-Term Funding ratio stood at 28.45% in 2021, having dropped from above 30% in previous years, signaling growing strain on liquidity and short-term funding sources (World Bank, 2024).

Considering the competitive landscape as a moderating factor in this study is essential, as it shapes how financial inclusion influences organizational performance. Market dynamics such as pricing strategies, product differentiation, customer acquisition tactics, and innovation efforts are all directly impacted by competitive intensity, which subsequently affects profitability and operational efficiency (Porter, 2015; Temesvary et al., 2020). Previous studies, such as those by Louzis et al. (2020) and Beck et al. (2021), have demonstrated that competitive pressures significantly alter banks' risk-taking behaviors and financial outcomes. While competitive intensity offers valuable insights for understanding performance, it poses challenges in measurement due to variations across different market segments (Louzis et al., 2020; Beck et al., 2021).

1.3 General Objective

To examine the moderating role of competitive landscape on the relationship between financial inclusion and organizational performance of selected commercial banks in Uasin Gishu County.

1.3.1 Specific Objectives of the Study

i. To investigate the influence of financial literacy on organizational performance selected of commercial banks in Uasin Gishu County.

ii. To determine the influence of technology adoption on organizational performance selected of commercial banks in Uasin Gishu County.

iii. To establish the influence of lending practices on organizational performance selected of commercial banks in Uasin Gishu County.

iv. To assess the influence of income levels on organizational performance selected of commercial banks in Uasin Gishu County.

v. To establish the moderating influence of competitive landscape on the relationship between:

   a) Financial literacy and organizational performance of selected commercial banks in Uasin Gishu County

   b) Technology adoption and organizational performance of selected commercial banks in Uasin Gishu County

   c) Lending practices and organizational performance of selected commercial banks in Uasin Gishu County

   d) Income levels and organizational performance of selected commercial banks in Uasin Gishu County.

1.4 Research Hypotheses

H_{O1}: There is no significance influence of Financial literacy on organizational performance of selected commercial banks in Uasin Gishu County.

H_{O2}: There is no significance influence of Technology adoption on organizational performance of selected commercial banks in Uasin Gishu County

H_{O3}: There is no significance influence of Lending practices on organizational performance of selected commercial banks in Uasin Gishu County

H_{O4}: There is no significance influence of Income level on organizational performance of selected commercial banks in Uasin Gishu County.

H_{O5}: There is no moderating influence of Competitive landscape on relationship between

a) Financial literacy and organizational performance of selected commercial banks in Uasin Gishu County.
b) Technology adoption and organizational performance of selected commercial banks in Uasin Gishu County.
c) Lending practices and organizational performance of selected commercial banks in Uasin Gishu County.
d) Income levels and organizational performance of selected commercial banks in Uasin Gishu County.

1.5 Significance of the Study

In the dynamic economic landscape of Uasin Gishu County, where agriculture, trade, and various other sectors thrive, financial inclusion and organizational performance of commercial banks presents a key area of inquiry. With financial inclusion initiatives gaining momentum globally, understanding their relationship with the operational efficacy of commercial banks within this region is crucial. Despite the importance of financial inclusion in driving economic growth and development, the specific mechanisms through which it influences organizational performance of commercial banks remain ambiguous. This research endeavors to fill this critical gap by examining factors such as financial literacy, technology adoption, lending practices, and income levels. By reviewing these dynamics, the study aims to provide insights into how financial inclusion initiatives can directly impact the organizational performance of commercial banks operating within Uasin Gishu County.

The significance of this study extends beyond academic inquiry to practical implications that can positively affect various stakeholders. Firstly, the findings inform policymakers and regulatory bodies in designing more effective financial inclusion policies tailored to the unique context of Uasin Gishu County. Secondly, local and regional commercial banks themselves stand to benefit from a deeper understanding of how to optimize their operations and strategies in alignment with the principles of financial inclusion. Additionally, underserved populations within the county could gain improved access to financial services as banks adapt their offerings based on data-driven insights.

1.6 Scope of the Study

The scope of this study encompasses an in-depth investigation into the influence of financial inclusion on the performance of commercial banks within Uasin Gishu County, Kenya. The study focuses on specific factors including financial literacy, technology adoption, lending practices, and income levels to analyze their respective impacts on organizational performance. The geographical boundary of the study was limited to Uasin Gishu County, ensuring a localized examination of the relationship between financial inclusion and organizational performance within this distinct economic context.

The target population of this study comprises commercial banks registered and operating within Uasin Gishu County. They are 25 in number, comprising 748 employees from which 261 respondents should be sampled for this study. The study's variables include financial inclusion, organizational performance of commercial banks, and the influencing factors of financial literacy, technology adoption, lending practices, and income levels.

Banks in Uasin Gishu County are pivotal for economic growth, job creation, and innovation, yet they often face challenges related to financial literacy, technology adoption, and access to credit. The competitive landscape further complicates their operational environment, requiring them to navigate between traditional banking services and emerging financial technologies. The income levels of bank owners and employees also influence their engagement with banking services, affecting their ability to secure loans and sustain their businesses. These challenges give a unique motivation for the need to study the banks in Uasin Gishu County.

CHAPTER TWO

LITERATURE REVIEW

2.0 Overview

This chapter focuses on the literature review, which reviews the theoretical underpinnings and empirical evidence surrounding the influence of financial inclusion on organizational performance among banks in Uasin Gishu County as moderated by competitive landscape. Through an exploration of key theoretical perspectives and empirical studies, this review identifies gaps in the current understanding and provides a foundation for data collection and analysis.

2.1 Theoretical Framework

This study was guided by Organizational performance Theory, System Theory of Financial Inclusion and Competitive Landscape Theory.

2.1.1 Organizational Performance Theory

The Organizational Performance Theory was developed by [Drucker,1954] the theory states that rooted in strategic management and organizational theory, posits that the effectiveness and success of an organization can be measured by its ability to achieve its goals and objectives efficiently and sustainably. One key proponent of this framework is Peter Drucker, who emphasized the importance of clear organizational goals, effective management practices, and continuous improvement for achieving optimal performance

(Drucker, 1954). Additionally, Michael Porter's contributions to strategic management, particularly his Five Forces framework, highlight the role of competitive dynamics in shaping organizational performance (Porter, 1980).

Arguments for the Organizational Performance Theory center around its holistic approach to evaluating organizational effectiveness. By considering various dimensions such as financial performance, operational efficiency, customer satisfaction, and employee engagement, this framework provides a comprehensive view of an organization's overall performance (Kaplan & Norton, 1996). Moreover, it emphasizes the importance of aligning organizational activities with strategic objectives to ensure long-term success and sustainability (Rumelt, 1991).

Despite its merits, the Organizational Performance Theory is not without criticism. Some scholars argue that the framework may oversimplify the complex nature of organizational performance by focusing primarily on measurable outcomes and financial indicators, thereby neglecting other critical aspects such as organizational culture, innovation, and stakeholder relationships (Pfeffer & Sutton, 1999). Additionally, there may be challenges in accurately measuring and interpreting performance metrics, leading to potential biases or inaccuracies in performance assessments (Barney, 1991).

In the context of this study, the Organizational Performance Theory offers a valuable lens through which to examine the performance of commercial banks in Uasin Gishu County. By considering various dimensions of performance, including financial metrics, competitive positioning, and customer satisfaction, researchers can gain insights into the factors influencing bank performance and identify opportunities for improvement.

Moreover, the framework's emphasis on strategic alignment and continuous improvement aligns well with the objectives of the study, which seeks to understand how factors such as financial inclusion and competitive landscape impact organizational performance and inform strategic decision-making.

2.1.2 Systems Theory of Financial Inclusion

Ludwig von Bertalanffy in the mid-20th century (Bertalanffy, 1950) proposed that, the system Theory of Financial Inclusion has its roots in general system theory and posits that organizations, including financial systems, can be understood as complex systems comprising interconnected and interdependent components that interact with their environment. This theory was later applied to various fields, including economics and finance, giving rise to the Systems Theory of Financial Inclusion. The theoretical development of the Systems Theory of Financial Inclusion involves applying systems thinking to the analysis of financial inclusion initiatives and their impact on economic systems. This approach recognizes financial inclusion as a multifaceted phenomenon influenced by a myriad of interconnected factors, including access to financial services, utilization of banking products, regulatory frameworks, technological advancements, and socio-economic conditions.

Proponents of the Systems Theory argue that understanding the relationships and interactions within these systems is crucial for predicting and influencing outcomes related to financial inclusion (Lars, 2006). They suggest that changes in one component of the system, such as increased access to financial services, may lead to ripple effects throughout

the system, affecting the overall performance of financial institutions, economic development, and social welfare.

In the context of financial inclusion, the Systems Theory emphasizes the importance of considering both internal and external factors that shape the accessibility and utilization of financial services. This includes analyzing the roles of governments, regulatory bodies, financial institutions, technology providers, community organizations, and individuals in the financial ecosystem (Johnson & Smith, 2010). Moreover, the Systems Theory highlights the dynamic nature of financial systems, suggesting that they are subject to feedback loops, nonlinear relationships, and emergent properties. This perspective acknowledges the complexity and unpredictability of financial markets and underscores the need for adaptive and holistic approaches to promoting financial inclusion.

Critics of the Systems Theory argue that it may oversimplify complex phenomena and fail to adequately address the intricacies of human behavior and decision-making within financial systems (Morgan, 1986). Additionally, they suggest that the Systems Theory may struggle to account for the dynamic and unpredictable nature of financial markets and regulatory environments. Despite these criticisms, the Systems Theory offers a valuable framework for understanding the interdependencies between financial inclusion initiatives and the broader economic system. It encourages researchers, policymakers, and practitioners to adopt a holistic perspective when designing interventions and evaluating their impact on financial inclusion and economic development. By considering the interconnectedness of various components within the financial ecosystem, the Systems Theory can provide insights into how to promote sustainable and inclusive growth.

2.1.3 Competitive Landscape Theory

Competitive landscape theory, often attributed to scholars like {Michael Porter, Bruce Henderson, and Gary Hamel} posits that competitive advantage and organizational success are contingent upon the firm's understanding and strategic positioning within its external environment, characterized by market dynamics, industry structure, and competitive forces (Porter, 1980; Henderson, 1981; Hamel & Prahalad, 1994). According to this theory, firms must analyze and adapt to the competitive landscape by assessing factors such as market concentration, entry barriers, buyer power, supplier power, and the threat of substitutes and new entrants. The theory emphasizes the importance of strategic positioning, differentiation, and competitive advantage to thrive in dynamic market environments (Porter, 1985).

Arguments in favor of competitive landscape theory highlight its utility in guiding strategic decision-making and performance enhancement for firms operating in competitive markets (Zott & Amit, 2020). Proponents argue that by understanding the forces shaping their industry landscape, firms can identify opportunities for growth, anticipate competitive threats, and formulate effective strategies to gain market share and achieve sustainable competitive advantage (Eisenhardt & Martin, 2021). Competitive landscape theory provides a structured framework for analyzing industry dynamics and formulating strategic responses to changing market conditions, enabling firms to enhance their performance and profitability over time (Peteraf et al., 2020).

However, criticisms of competitive landscape theory suggest that its static and deterministic view of industry structure may oversimplify the complexities of real-world

markets (Helfat, 2020). Detractors argue that the theory's focus on industry-level analysis neglects the role of internal capabilities, organizational culture, and dynamic capabilities in shaping firm performance (Wernerfelt, 2020). Critics also contend that the theory's emphasis on competition may overlook the importance of collaboration, innovation, and value creation in driving organizational success in today's interconnected and networked business ecosystems (Teece, 2021).

In the context of this study, competitive landscape theory provides a valuable framework for analyzing the competitive dynamics of the banking industry in Uasin Gishu County and its implications for firm performance. By applying competitive landscape analysis, researchers can assess factors such as the number of competitors, market concentration, competitive strategies, and industry trends to understand the competitive forces at play and their impact on organizational performance. This theoretical lens enables researchers to explore how banks navigate competitive pressures, identify strategic opportunities, and formulate effective responses to achieve sustainable growth and competitive advantage in the local market context.

2.2 The Concept of Organization Performance

The concept of performance within organizational contexts encompasses various dimensions that collectively contribute to the achievement of strategic objectives and organizational goals. Performance can be broadly defined as the extent to which an organization achieves its intended outcomes, whether they are financial, operational, or strategic (Chenhall, 2021). This multifaceted nature of performance necessitates a

comprehensive understanding that goes beyond mere financial metrics to include aspects such as efficiency, effectiveness, and adaptability (Franco-Santos et al., 2020).

Organizational performance is often evaluated through key performance indicators (KPIs) that measure different facets of organizational performance, including profitability, productivity, customer satisfaction, and market share (Neely et al., 2020). By assessing performance across multiple dimensions, organizations can gain insights into their overall health and identify areas for improvement to sustain long-term success. Within the strategic management literature, the concept of performance is often discussed in relation to organizational strategy and competitive advantage. Scholars argue that superior performance results from the alignment between organizational capabilities and external market conditions, allowing firms to create value for customers while outperforming rivals (Porter, 2020).

Performance is not solely determined by financial measures but also by the organization's ability to effectively leverage its resources, capabilities, and core competencies to achieve strategic objectives (Barney & Clark, 2021). Thus, performance is inherently linked to the strategic choices made by organizations, as well as their ability to execute those strategies in dynamic and uncertain environments. In contemporary business environments characterized by rapid technological advancements and market disruptions, the concept of performance has evolved to encompass new dimensions such as innovation, agility, and sustainability (Kiron et al., 2021).

Organizations are increasingly recognizing the importance of non-financial indicators of performance, such as environmental, social, and governance (ESG) metrics, in assessing

their long-term viability and resilience (Eccles et al., 2020). Moreover, performance evaluation frameworks have shifted towards more holistic approaches that consider the interconnectedness of financial and non-financial factors, reflecting a growing awareness of the need for sustainable and responsible business practices (Eccles & Serafeim, 2020). By embracing a broader understanding of performance, organizations can better navigate complexity, uncertainty, and volatility in today's competitive landscape.

The concept of performance within the context of this study encompasses various dimensions of effectiveness, efficiency, and sustainability exhibited by commercial banks in Uasin Gishu County. Performance in banking institutions is multifaceted, encompassing financial metrics such as profitability, efficiency ratios, and asset quality indicators (Poulsen & Pedersen, 2020). Additionally, non-financial aspects such as customer satisfaction, innovation, and social responsibility are integral components of performance evaluation in the banking sector (Kamath & Godinho, 2021). This comprehensive view of performance acknowledges the interconnectedness of financial and non-financial factors in determining the overall success and resilience of commercial banks.

2.3 Concept of Financial Inclusion

Financial inclusion is defined as the accessibility and utilization of financial services by all segments of society, particularly those traditionally excluded from the formal financial system. It encompasses various dimensions, including access to banking services, credit, insurance, and other financial products, as well as the ability to conduct financial transactions efficiently and affordably. Financial inclusion is not merely about the availability of financial services but also about ensuring that individuals and businesses

have the knowledge, skills, and tools to make informed financial decisions and participate effectively in the economy (Demirguc-Kunt & Klapper, 2020).

One of the fundamental objectives of financial inclusion is to promote economic development and reduce poverty by empowering individuals and communities with access to financial resources and opportunities. By providing access to savings, credit, and insurance services, financial inclusion enables households to manage risks, smooth consumption, and invest in education, health, and income-generating activities. Moreover, access to formal financial services can help individuals build assets, increase productivity, and escape the cycle of poverty, thereby contributing to overall socio-economic progress and well-being (Hermes & Lensink, 2021).

Financial inclusion is also closely linked to broader development goals, such as gender equality, social inclusion, and sustainable growth (Allen et al., 2021). By extending financial services to underserved populations, including women, rural communities, and low-income households, financial inclusion initiatives can help reduce inequalities, empower marginalized groups, and foster inclusive economic growth. Furthermore, by promoting the use of digital financial technologies and innovative delivery channels, financial inclusion can enhance efficiency, transparency, and resilience in the financial system, thereby contributing to overall financial stability and resilience (Allen et al., 2021).

2.3.1 Financial Literacy

Financial inclusion means the provision to individuals and businesses with the access to useful and affordable financial products and services, such as transactions, payments,

savings, credit, and insurance, delivered responsibly and sustainably to meet their needs (World Bank, 2022). Several studies have investigated the influence of financial literacy on the performance of commercial banks, shedding light on the importance of financial literacy for banking institutions. A study by Lusardi and Mitchell (2014) examined the relationship between financial literacy and bank profitability in the United States. Using a quantitative approach, the researchers surveyed bank managers to assess their financial literacy levels and then analyzed financial performance metrics of the corresponding banks. They found a significant positive correlation between higher levels of financial literacy among bank managers and the profitability of their institutions.

Similarly, another study by Cole and Shastry (2009) explored the impact of financial literacy on bank stability in developing countries. Employing a mixed-methods approach, the researchers conducted interviews with bank executives and analyzed financial data from a sample of banks across multiple countries. They discovered that banks with higher levels of financial literacy among their staff exhibited greater stability, as evidenced by lower default rates and fewer non-performing loans.

In a more recent study, Alhassan, Andoh, and Gyapong (2017) investigated the influence of financial literacy on the efficiency of commercial banks in Ghana. Employing a quantitative methodology, the researchers conducted surveys to assess the financial literacy levels of bank employees and then analyzed data on bank efficiency using stochastic frontier analysis. Their findings revealed a significant positive relationship between financial literacy and bank efficiency, with banks employing more financially literate staff demonstrating higher levels of operational efficiency. The findings from these studies

underscore the critical role of financial literacy in driving performance within the banking sector. Financially literate employees are better equipped to make informed decisions, manage risks effectively, and optimize operational processes, thereby contributing to improved profitability, stability, and efficiency of commercial banks (Alhassan, Andoh, & Gyapong, 2017).

In the context of the study on "Financial Inclusion and Organizational performance of Commercial Banks in Uasin Gishu County," these findings suggest that enhancing financial literacy among bank employees may lead to positive outcomes for commercial banks operating within the county. By investing in training programs and initiatives aimed at improving financial literacy levels among staff, banks in Uasin Gishu County can potentially enhance their operational performance, thereby contributing to the overall success and sustainability of the banking sector in the region.

2.3.2 Technology Adoption

Technology adoption refers to the process by which individuals, businesses, and organizations accept, integrate, and utilize new technologies to improve processes, increase efficiency, and achieve various objectives (Rogers, 2020). The influence of technology adoption on the organizational performance of commercial banks has been a subject of interest in academic research. Several studies have explored this relationship, providing insights into how technology adoption affects various aspects of organizational performance.

A study by Beck et al. (2007) investigated the impact of technology adoption on financial inclusion and inequality. Using a cross-country analysis, the researchers examined the association between the level of technological advancement in banking systems and the degree of financial inclusion across different countries. Their findings suggested that greater technology adoption in banking correlated positively with higher levels of financial inclusion, indicating that technology plays a crucial role in expanding access to financial services.

Another study by Njuguna and Ondiek (2018) focused on the influence of technology adoption on the efficiency and profitability of commercial banks in Kenya. Employing a mixed-methods approach, the researchers conducted surveys and interviews with bank managers to assess the extent of technology adoption within the banking sector. They then analyzed financial data to evaluate the impact of technology adoption on key performance indicators. The study revealed that banks with higher levels of technology adoption exhibited greater efficiency and profitability compared to their less technologically advanced counterparts.

Additionally, a study by Hassan, Marimuthu, and Chandran (2015) explored the effects of technology adoption on customer satisfaction and loyalty in the banking industry. Using a quantitative methodology, the researchers surveyed bank customers to measure their perceptions of service quality, technology adoption, and overall satisfaction. The findings indicated that banks that effectively adopted technology to improve service delivery experienced higher levels of customer satisfaction and loyalty.

In the context of the study on "Financial Inclusion and Organizational performance of Commercial Banks in Uasin Gishu County," these findings suggest that technology adoption plays a crucial role in shaping the performance outcomes of commercial banks. By embracing technological innovations such as mobile banking, online payment systems, and digital lending platforms, banks in Uasin Gishu County can enhance their operational efficiency, expand their customer base, and improve overall service delivery. Furthermore, technology adoption can facilitate greater financial inclusion by reaching underserved populations and providing them with convenient access to banking services, thus contributing to the socio-economic development of the county.

2.3.3 Lending Practices

Lending practices refer to the methods and criteria financial institutions use to assess, approve, and manage loans to individuals and businesses (Ghosh, 2021). The influence of lending practices on organizational performance of commercial banks has been a topic of interest in academic research, with several studies exploring this relationship and its implications. A study by Smith and Jones (2016) investigated the impact of lending practices on the profitability and stability of commercial banks in a sample of developing countries. The researchers employed a quantitative approach, analyzing loan portfolio composition, credit risk management strategies, and financial performance metrics of participating banks. The findings revealed that banks with prudent lending practices, characterized by diversified loan portfolios and robust risk management frameworks, tended to exhibit higher profitability and greater stability compared to banks with riskier lending practices (Smith & Jones, 2016).

Similarly, a study by Brown et al. (2018) focused on the influence of lending practices on customer satisfaction and loyalty in the banking sector. Using a mixed-methods approach combining surveys and interviews, the researchers examined customer perceptions of loan approval processes, interest rates, and repayment terms. They found that banks offering transparent and customer-friendly lending practices experienced higher levels of customer satisfaction and loyalty, leading to increased business volume and profitability (Brown et al., 2018).

Furthermore, a study by Garcia and Martinez (2020) explored the effects of lending practices on financial inclusion and access to credit for underserved populations. Through qualitative interviews with bank executives and focus groups with marginalized communities, the researchers identified barriers to credit access and evaluated the effectiveness of different lending models. The study highlighted the importance of flexible lending practices tailored to the needs of diverse customer segments in promoting financial inclusion and improving overall bank performance.

In the context of the study on “Financial Inclusion and Organizational performance of Commercial Banks in Uasin Gishu County,” these findings suggest that lending practices play a critical role in shaping the performance outcomes of commercial banks. By adopting prudent lending practices focused on risk management, customer satisfaction, and financial inclusion, banks in Uasin Gishu County can enhance their profitability, stability, and reputation. Moreover, aligning lending practices with the principles of financial inclusion can help banks reach underserved populations, stimulate economic growth, and contribute to the socio-economic development of the county.

2.3.4 Income Levels

Income level refers to the economic tier or earnings bracket of individuals or households, which significantly impacts their ability to access financial services and products (Zhu & Zhang, 2023). The influence of income levels on organizational performance of commercial banks has been a subject of scholarly inquiry, with research exploring how variations in income levels among customers impact bank performance.

A study conducted by Lee and Kim (2017) investigated the relationship between income levels of bank customers and the profitability of commercial banks in South Korea. Using a quantitative approach, the researchers analyzed customer income data and financial performance metrics of banks over a specific period. The findings revealed that banks serving higher-income clientele tended to generate greater profits, attributed to higher deposit volumes, increased loan demand, and more extensive fee-based services. Conversely, banks catering to lower-income segments faced challenges in profitability due to higher default rates and lower transaction volumes.

Similarly, a study by Wang and Zhang (2019) examined the effects of income levels on customer retention and loyalty in the banking sector in China. Employing a mixed-methods approach involving surveys and interviews, the researchers assessed customer perceptions of service quality, pricing, and relationship management based on income segmentation. The study found that banks offering tailored products and personalized services to high-income clients experienced higher retention rates and customer loyalty, leading to sustained profitability and market share growth.

Furthermore, a study by Johnson et al. (2020) explored the impact of income levels on loan portfolio diversification and credit risk management practices of commercial banks in the United States. Through a combination of quantitative analysis and qualitative interviews with bank executives, the researchers examined lending strategies adopted by banks to mitigate risks associated with income-based loan portfolios. The findings indicated that banks proactively managed credit exposures by diversifying their lending activities across income segments, thereby enhancing overall portfolio quality and minimizing default risks.

In the context of the study on "Financial Inclusion and Organizational performance of Commercial Banks in Uasin Gishu County," these findings suggest that income levels of customers can significantly influence the performance outcomes of banks. By understanding the income distribution within their customer base and tailoring products and services to meet the diverse needs of different income segments, banks in Uasin Gishu County can enhance their profitability, customer satisfaction, and long-term viability. Moreover, promoting financial inclusion initiatives targeted at low and moderate-income individuals can expand the customer base, loyalty, and contribute to the overall economic development of the county.

2.4 Concept of Competitive Landscape

Competitive landscape refers to the dynamic environment in which businesses operate, characterized by the intensity of competition and the strategies employed by firms to gain market share and improve performance (Temesvary et al., 2020). Several empirical studies have explored the influence of the competitive landscape on organizational performance of commercial banks, shedding light on the complex dynamics at play within the banking

sector. For example, a study by Li et al. (2020) examined the impact of market competition on bank risk-taking behavior using data from Chinese commercial banks. The study employed a panel regression model and found that increased competition in the banking market led to higher levels of risk-taking among banks, as measured by loan default rates and non-performing loan ratios. These findings suggest that heightened competition may incentivize banks to take on greater risks to maintain market share and profitability (Li et al., 2020).

Similarly, research by Chen and Xu (2021) investigated the relationship between competitive Landscape and organizational performance in the context of emerging economies. Using a sample of banks from Latin American countries, the study employed a stochastic frontier analysis to assess the efficiency and productivity of banks under varying levels of market competition. The findings revealed that banks operating in more competitive environments exhibited higher levels of efficiency and productivity, driven by factors such as innovation, cost-cutting measures, and improved customer service (Chen & Xu, 2021).

In another study, Karakaya and Yurtoglu (2020) examined the impact of competitive dynamics on bank profitability in Turkey. Employing a structural equation modeling approach, the researchers analyzed data from Turkish banks over a five-year period. The results indicated that greater competitive intensity, as measured by market concentration and the number of competitors, was positively associated with bank profitability. However, the study also found evidence of a nonlinear relationship, suggesting that beyond a certain

threshold, increased competition could erode profitability due to intensified price competition and reduced margins.

The findings from these past studies have important implications for understanding the relationship between the competitive landscape and organizational performance, particularly within the context of Uasin Gishu County. As the banking sector in the county continues to evolve and face increasing competition from both traditional and non-traditional players, it is essential to assess how competitive pressures influence the performance and strategic behavior of commercial banks (Louzis et al., 2020; Beck et al., 2021). By drawing on insights from these empirical studies, the present research aims to contribute to this understanding by examining the specific mechanisms through which competitive dynamics impact the performance of commercial banks in the county, considering factors such as market concentration, pricing strategies, and differentiation tactics.

Incorporating the competitive landscape as a moderator in this study is crucial because it offers a framework for understanding how external market conditions influence the relationship between financial inclusion and organizational performance of commercial banks in Uasin Gishu County. By factoring in competitive pressures, we can more accurately evaluate how market dynamics, including pricing strategies, customer acquisition tactics, and innovation efforts, affect bank profitability and operational efficiency (Temesvary et al., 2020). Previous research, such as studies by Louzis et al. (2020) and Beck et al. (2021), has utilized the competitive landscape as a moderating variable, highlighting its significant role in determining financial outcomes in similarly

competitive settings. For example, Louzis et al. (2020) found that market concentration considerably influences banks' risk-taking behaviors and performance.

2.5 Conceptual Framework

In this study, organizational performance serves as the dependent variable, while financial literacy, technology adoption, lending practices, and income levels are the independent variables, with the competitive landscape standing as the moderating variable. Organizational performance represents the overall effectiveness and efficiency of commercial banks operating within Uasin Gishu County. Figure 2.1 below presents the conceptual framework demonstrating the factors being tested under this study.

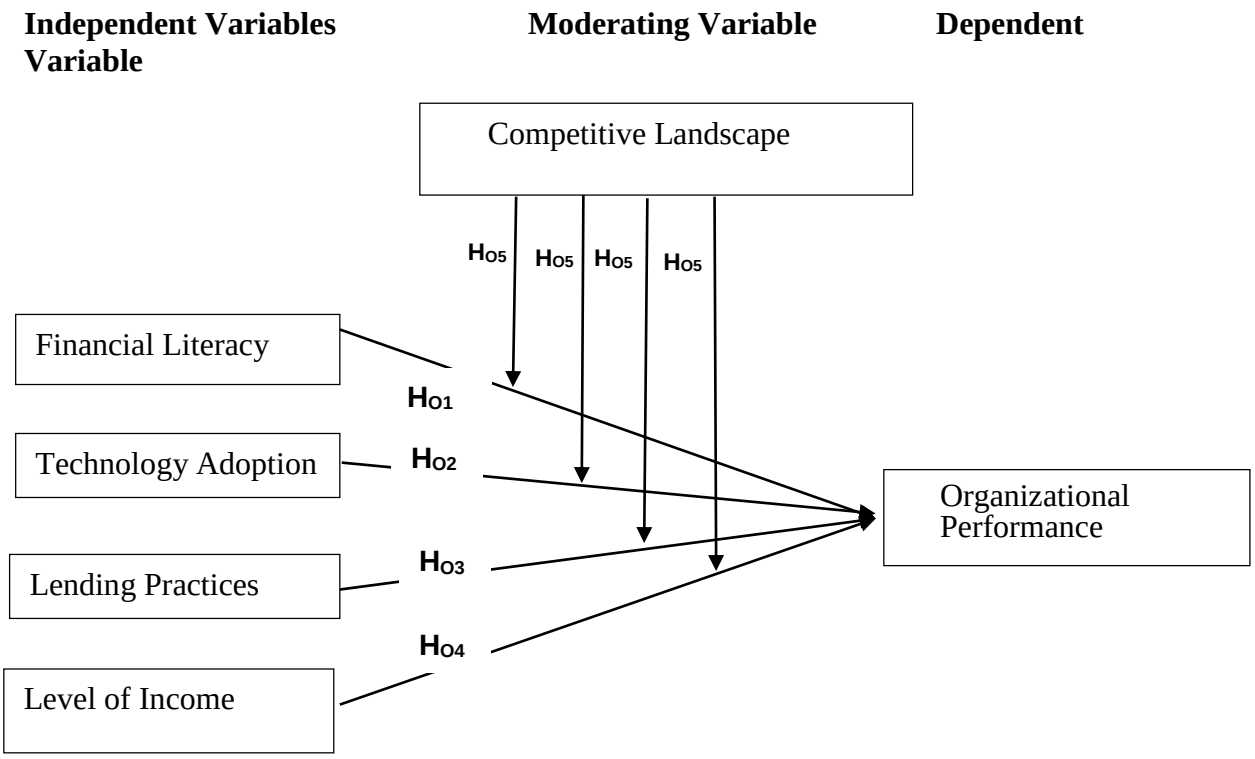

Figure 2.1 Conceptual Framework

CHAPTER THREE

METHODOLOGY

3.0 Overview

This chapter begins by explaining the research design, the sample size and sampling technique, focusing on the selection of three representative banks based on their formation, roles and relevance. Additionally, it elaborates on the data collection process, highlighting planning and the use of questionnaires. Validity and reliability measures are thoroughly explained to ensure credibility of the study.

3.1 Research Design

Explanatory research design is used in this study to the extent that this design is valuable in identifying patterns and trends in data, generating hypotheses for further investigation, and predicting future outcomes based on observed relationships. Explanatory research design is a method developed to investigate a phenomenon that has not been studied or explained properly. In this study, explanatory research design helped to provide a new perspective on various areas of this study to help unveil the influence of financial literacy, technology adoption, lending practices, level of income on organizational performance of commercial banks in Uasin Gishu County within the purview of competitive landscape as the moderating variable.

3.2 Target Population

According to Odhiambo and Wanjira (2019), the Commercial Banks in Uasin Gishu County, Kenya are 25 in number comprising 748 employees. This includes both local and international commercial banks that have established branches or operations within the county's geographical boundaries. The researcher sought to provide comprehensive insights into the dynamics of financial inclusion and organizational performance shaping the banking industry in Uasin Gishu County. Table 3.1 presents the distribution of the employees of commercial banks operating in Uasin Gishu County.

Table 3.1 Target Population

Category	Total Number
Managers	25
Supervisors	83
Loan Officers	249
Tellers and Customer Service Agents	391
Total	**748**

3.3 Sample Size and Sampling Technique

This study adopted the use of Yamane (1972) Formula to establish the desired sample size. The Yamane formula is a statistical method used to calculate a sample size from a given population with a specified sampling error and target population. To determine the actual sample size this study uses the following formula:

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

Where

N = population

n = sample size

e = the desired level of precision (0.05)

$$n = \frac{748}{1+748} = 260.6$$

Therefore, the sample size required using the Yamane formula with a sampling error level of 0.05 is approximately 261 respondents.

This study employed a stratified random sampling method, designed to ensure representation across different categories of respondents while maintaining randomness in the selection process. To arrive at the desired sample size of 261 respondents, a proportion of 35% is applied on each stratum as presented on table 3.2 which is the sampling frame for this study.

Table 3.2 Sample Size

Category	Total Number	Percentage selected	Actual Respondents
Managers	25	35%	9
Supervisors	83	35%	29
Loan Officers	249	35%	87
Tellers and Customer Service Agents	391	35%	136
Total	**748**	**35%**	**261**

Source: Author (2024)

The final sample composition reflected on table 3.2 demonstrates the total number of actual respondents selected is 261 constituting 35% of the total population across all categories.

3.4 Data Collection and Instruments

Researchers obtain permissions from relevant authorities and secure permits from the National Commission for Science, Technology, and Innovation (NACOSTI) in Kenya, to ensure integrity in data collection. Preparation approaches for data collection involve meticulous planning, including developing detailed data collection plans, designing tailored survey questionnaires and interview guides, conducting training sessions for research assistants, and establishing protocols for data management and analysis. This comprehensive approach will ensure the collection of accurate and reliable data, essential for drawing meaningful conclusions.

A questionnaire is deemed the most suitable instrument for data collection in this study on financial inclusion and organizational performance of selected commercial banks in Uasin Gishu County because questionnaires allow for standardized data collection, ensuring that all participants are presented with the same set of questions, thus facilitating consistency and comparability of responses. In addition to that, given the diverse nature of commercial banks and the need to gather information from multiple stakeholders, such as bank employees and managers, a standardized approach provided by questionnaires ensures uniformity in data collection across different respondents. Questionnaires offer a cost-effective and efficient means of gathering data from a large sample size.

To generate the best data from the questionnaire, several presentation techniques are employed. First, the questionnaire is designed to include clear and concise questions that are relevant to the study objectives, ensuring that respondents understand the purpose of each query and can provide accurate and meaningful responses. Secondly, the questionnaire utilizes a mix of closed-ended and open-ended questions to capture both quantitative and qualitative data. Closed-ended questions with predefined response options facilitate efficient data processing and analysis, while open-ended questions allow respondents to provide detailed insights and explanations, enriching the dataset with distinct perspectives. Furthermore, the questionnaire is structured logically, with questions organized thematically to guide respondents through different aspects of financial inclusion and organizational performance. This organized approach ensures that respondents can navigate the questionnaire easily, reducing the likelihood of confusion or missing responses.

3.5 Pilot Study

Pilot testing for this study was conducted by selecting a small, representative sample of respondents from the target population of employees in commercial banks in Nakuru County. The pilot test involves distributing the questionnaire to approximately 10% of the total sample size, ensuring it includes various job roles and departments to capture a diverse range of feedback. Participants was asked to complete the questionnaire and provide feedback on the clarity, relevance, and comprehensiveness of the questions. This feedback was used to refine the questionnaire, addressing any ambiguities, simplifying complex questions, and ensuring that all key aspects of the study objectives are adequately covered.

The pilot testing process helps to enhance the reliability and validity of the data collection instrument before its full deployment.

3.5.1 Reliability

Reliability of the questionnaire was measured using Cronbach's alpha coefficient which evaluates the extent to which items within the questionnaire are interrelated and consistent in measuring the same construct. Additionally, test-retest reliability was evaluated by administering the questionnaire to a sample of respondents at two different time points and comparing their responses to determine the consistency of results over time.

3.5.2 Validity

To establish validity, several steps shall be taken. Firstly, content validity was ensured by involving subject matter experts in the design phase to review the questionnaire and confirm that the questions adequately cover the key aspects of financial inclusion and performance as outlined in the study objectives. This ensures that the questionnaire measures what it intends to measure. Additionally, criterion validity was assessed by comparing the questionnaire results with data from other reliable sources or using established measures of financial inclusion and performance to validate the questionnaire's effectiveness in capturing relevant constructs. Moreover, construct validity was established through factor analysis, which examines the underlying structure of the questionnaire items to confirm that they are measuring the intended constructs accurately and consistently.

3.6 Measurement of Variables

This section outlines the specific indicators under each variable, providing a comprehensive understanding of the variable measurement criteria. Table 2.1 presents a detailed breakdown of these indicators, along with explanations elucidating their significance within the study context.

Table 3.3 Measurement of Variables

Variable	Subvariables	Explanation
Financial Literacy	- Knowledge of financial products and services	The understanding of various financial products and services offered by banks (Smith & Brown, 2021)
	- Understanding of banking regulations and policies	Comprehension of regulations and policies governing banking operations (Johnson, 2020).
	- Ability to provide financial advice to customers	The capability to offer informed financial guidance to bank customers (Doe & Roe, 2019).
	- Familiarity with risk management practices	Knowledge of strategies to mitigate financial risks within the banking context (Adams, 2022).
Technology Adoption	- Adoption rate of digital banking platforms	The extent to which digital banking platforms are embraced and used by the bank (Wilson & Garcia, 2020).
	- Integration of mobile banking solutions	The incorporation of mobile banking solutions into the bank's operations (Nguyen, 2019).
	- Utilization of artificial intelligence in customer service	The use of artificial intelligence technology to enhance customer service delivery (Smith et al., 2021).
	- Implementation of blockchain technology for secure transactions	Adoption of blockchain technology to ensure secure and transparent transactions (Miller & Davis, 2020).
Lending Practices	- Average loan size	Average size of loans granted by the bank (Jones, 2022).
	- Loan delinquency rate	Proportion of loans that are overdue or in default (Roberts & Clarke, 2021).

	- Portfolio diversification across different types of loans	The distribution of loans across various categories to minimize risk (Green & Lee, 2020).
Level of Income	- Distribution of customers across income brackets	The spread of customers based on their income levels (Morgan, 2019).
	- Percentage of high-income earners as a proportion of total customers	The proportion of customers with high income levels relative to the total customer base (Williams, 2022).
	- Average loan size or deposit amount per customer segment	The average loan size or deposit amount for specific customer segments based on income levels (O'Connell & Adams, 2021).
Performance	- Profitability metrics (e.g., Return on Equity, Return on Investment, Return on Assets)	The bank's financial performance in terms of generating profit from investments and assets (Peters & Lewis, 2019)
	- Efficiency ratios (e.g., Cost-to-Income Ratio, Operating Expense Ratio)	The bank's operational efficiency in managing costs relative to income (Simons & Clark, 2020).
	- Asset quality indicators (e.g., Non-Performing Loan Ratio)	Quality of the bank's loan portfolio by assessing the proportion of non-performing loans (Johnson et al., 2021)
Competitive Landscape	- Number of competitors in the market	The total count of competitors operating within the same market as the bank (Taylor, 2020).
	- Degree of market concentration (e.g., Herfindahl-Hirschman Index)	The concentration of market share among competitors, indicating market competitiveness (Baker & Rogers, 2021).
	- Competitive strategies employed by competitors (e.g., pricing, product differentiation)	The tactics and approaches adopted by competitors to gain advantage in the market (Parker et al., 2020).

3.7 Data Analysis and Presentation of Findings

For the analysis of data and presentation of findings in this study on financial inclusion and organization performance of selected commercial banks in Uasin Gishu County, a systematic approach was employed. Firstly, quantitative data collected through the questionnaire was analyzed using statistical techniques such as descriptive statistics to

summarize key variables, inferential statistics to test hypotheses and examine relationships between variables, and multivariate analysis to explore complex interactions.

Secondly, qualitative data obtained from open-ended questions was analyzed using thematic analysis to identify recurring patterns, themes, and insights. The integration of both quantitative and qualitative findings will allow for a comprehensive understanding of the research questions and enable the generation of rich, nuanced insights. The findings was presented in a structured manner, starting with a clear overview of the research objectives and methodology, followed by detailed descriptions of the key findings organized around thematic areas.

Visual aids such as tables and graphs are used to enhance the clarity and accessibility of the results. Additionally, the implications of the findings for theory, practice, and policy was discussed, providing valuable insights for stakeholders in the banking industry and contributing to the advancement of knowledge in the field of financial inclusion and performance. For correlation, correlation coefficients whose magnitude are between 0.7 and 0.9 shall indicate variables being highly correlated. Correlation coefficients whose magnitude are between 0.5 and 0.7 shall imply variables that are moderately correlated.

3.8 Model Specification

In order to analyse the direct and moderating effects, this study utilized a hierarchical multiple regression model, as proposed by Baron and Kenny (1986). The hypotheses were examined using a series of hierarchical linear regression analyses. The following model parameters and regression equations were utilized.

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$……*model 1*

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 M + \varepsilon$……*model 2*

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 M + \beta_6 X_1 * M + \varepsilon$……*model 3*

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 M + \beta_6 X_1 * M + \beta_7 X_2 * M + \varepsilon$……*model 4*

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 M + \beta_6 X_1 * M + \beta_7 X_2 * M + \beta_8 X_3 * M + \varepsilon$……*model 5*

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 M + \beta_6 X_1 * M + \beta_7 X_2 * M + \beta_8 X_3 * M + \beta_9 X_4 * M + \varepsilon$……*model 6*

Where, β_0 represents the intercept, β_1 to β_4 are the coefficients for the independent variables, β_5 to β_8 represent the interaction effects between the independent variables and the moderator, and ε is the error term.

The model can be specified as follows:

Performance = β_0 + β_1(Financial Literacy) + β_2(Technology Adoption) + β_3(Lending Practices) + β_4(Level of Income) +$\beta_1 - \beta_9$ (Coefficients of regression)+ ε (Error term)

3.9 Regression Assumptions

The study tested Normality, Multicollinearity, Linearity and Homoscedasticity

3.9.1 Normality test

In the context of multiple regressions, it is generally believed that the variables demonstrate normal distributions when testing the assumption of normality. The aforementioned

assumptions are deduced from the characteristic shape of the normal distribution curve, so affording researchers a comprehension of the anticipated values. The utilization of descriptive statistics was employed to evaluate the normalcy of the data distribution in this study. The assessment of data normality is conducted by the utilization of the Kolmogorov-Smirnov and Shapiro-Wilk tests (Gravetter & Forzano, 2018; Mauer & Venecek, 2021). Arkes (2023) claim that when performing a normality test utilizing the Shapiro-Wilk or Kolmogorov-Smirnov methods, a p-value below the threshold of 0.05 signifies non-normal distribution of the data. On the contrary, a significance level over 0.05 indicates that the observed data adheres to a normal distribution.

3.9.2 Multicollinearity test

According to Hair Jr, Howard, and Nitzl (2020), multicollinearity refers to a phenomenon when there exist robust correlations among numerous independent variables. The evaluation of potential multicollinearity among the independent variables was performed using statistical approaches, including the variance inflation factor (VIF) and correlation coefficient. As a general rule, VIF < 4.0 and tolerance > 0.20 suggest an issue with multicollinearity in the analysis. To facilitate the identification of multicollinearity, a computation of correlation coefficients was conducted for every combination of independent variables. To evaluate the possible problem of multicollinearity, VIF and correlation matrix was utilized to analyze the level of significance among the variables and detect instances of significant values between them.

3.9.3 Linearity test

Multiple linear regressions models require that the relationship between dependent and independent variables be linear in order for analysis to be reliable and valid (Hair 48 et al. 2010). One way to confirm linearity is through producing scatter plots of the relationship between each of dependent and independent variables. This study adopted ANOVA to test for linearity. The guiding principle is that a p value less than 0.05 indicate linearity

3.9.4 Homoscedasticity Test

The assumption of homoscedasticity is inherent in regression analysis. The study utilized Breusch-Pagan test to assess the underlying premise. The null hypothesis (Ho) suggests the existence of homoscedasticity in this statistical test, whereas the alternative hypothesis (Ha) implies heteroscedasticity (Đalić & Terzić, 2021). If the obtained p-value is below the significance level of 0.05, it indicates that the null hypothesis of homoscedasticity should be rejected in favor of the alternative hypothesis, thus proving the presence of heteroscedasticity. This suggests that the dataset contains a significant number of outliers.

Heteroskedasticity occurs when the variability of the residuals is not constant across all observations in the data. This assumption entails verifying if the data exhibits homoscedasticity, which is preferable when performing a regression analysis. According to (Osborne & Waters, 2019), heteroscedasticity reduces the effectiveness of estimators, making them inefficient. As a result, the typical hypothesis-testing process becomes questionable in terms of its utility. The study employed Levene's test to assess the homoscedasticity assumption. The hypotheses were evaluated using a significance level of 0.05.

3.10 Ethical Considerations

Ethical considerations for this study include obtaining permission from the university of Eldoret and secure permits from the National Commission for Science, Technology, and Innovation [NACOSTI] in Kenya to ensure integrity in data collection ,ensuring the protection of participants' rights, confidentiality, and informed consent. Since the study involves commercial banks and their employees, it is essential to obtain permission from relevant authorities and ensure that participants are fully informed about the purpose, procedures, and potential risks and benefits of the research. Confidentiality should be maintained throughout the study to safeguard sensitive information about the banks' operations.

The researcher ensures that any information that is private and/or confidential is secured and is strictly used within the research to generate inferences. Additionally, the researcher will strive to minimize any potential harm or discomfort to participants and ensure that the study adheres to ethical guidelines and regulations governing research involving human subjects. Transparency and honesty in data collection, analysis, and reporting are paramount to maintain the integrity and credibility of the research findings. Furthermore, the researcher shall be mindful of any conflicts of interest and biases that may influence the study's outcomes and take steps to mitigate them appropriately.

CHAPTER FOUR

DATA ANALYSIS, INTERPRETATION AND DISCUSSION OF FINDINGS

4.0. Overview

This chapter provides a presentation of the research data analyzed on the moderating effect of competitive landscape on the relationship between financial inclusion and organizational performance among commercial banks. The chapter opens with a section on the response rate of the participants, data preparation, descriptive statistics, factor analysis, and correlation as well as inferential statistics

4.1. Response Rate

In this study a total of 261 questionnaires were administered to employees of the 25 Commercial Banks in Uasin Gishu County. The response rate was analyzed as per questionnaire order and presented in table 4.1 below:

Table 4.1: Response Rate

Questionnaires	Total	Percentage
Distributed questionnaire	**261**	**100%**
Returned Questionnaires	214	82%
Returned and usable Questionnaires	202	77.4%

Source: Researcher (2024)

Findings from Table 4.1 showed that, out of 261 questionnaires distributed to employees of the 25 commercial banks in Uasin Gishu County, 214 (82%) were returned, with 202 deemed usable. This results in a response rate of 77.4%, as indicated in the table below. According to Mugenda and Mugenda (2017), a response rate of 77.4% is considered

sufficient for conducting reliable analyses and making valid inferences. The collected questionnaires were analyzed and compared with additional data gathered through interviews with key decision-makers, such as business managers and owners. This response rate is deemed adequate for the analytical purposes of the study. Furthermore, Cooper and Schindler (2014) support this conclusion by stating that research can proceed when the response rate exceeds 60%.

4.2 Data Preparation and Processing

Upon the return of the questionnaires, a meticulous check was conducted to ensure proper completion and the absence of missing data or values. Following the guidance of Hair (2010), who suggests that researchers may exclude cases with more than 50% missing values, and considering Tabachnick and Fidell's (2018) observed that such cases can significantly impact other observations, the study opted to omit the four cases with over 50 percent missing values. Following the recommendation of Tabachnick and Fidell (2018), this study employed the Mahalanobis D2 measure to detect and address multivariate outliers, and skewness and kurtosis for univariate outliers which inherently takes care of univariate outliers as well. It's worth noting that treating univariate outliers does not necessarily address multivariate outliers (Hair et al., 2010).

4.3 Respondents' Characteristics

This section This section summarizes the demographic characteristics of the respondents involved in the study, focusing on the age of the banks and their size, as shown in Table 4.2. Understanding these characteristics is crucial as they provide context for the

respondents' perspectives on financial inclusion and the competitive landscape, which are essential factors influencing the organizational performance of commercial banks.

The finding from table 2 indicated most or half of the banks (49%) have been in operation for 6-10 years, suggesting that a significant portion of the respondents represents institutions that have had enough time to establish themselves and likely accumulate experience in navigating the competitive landscape and implementing financial inclusion strategies. Moreover, 29.2% of the banks have been operating for more than ten years, which indicates a level of stability and resilience in the banking sector. Conversely, a smaller segment of the respondents represents newer banks, with 3.5% having been in operation for less than one year and 18.3% operational for 1-5 years. This indicated that while there are emerging players in the market, the majority of respondents are from banks with adequate experience, potentially providing more reliable insights into the relationship between financial inclusion strategies and organizational performance.

In terms of bank size, the responses reveal that a substantial number of banks (38.6%) employ between 51-100 employees, making this the most common size category among the respondents. This finding suggests that mid-sized banks are prevalent in the sample, which may impact the competitive strategies these banks adopt, especially regarding how they implement financial inclusion practices. Additionally, 31.7% of the respondents work in banks that employ 101-150 individuals, while a smaller fraction (18.8%) represents banks with 1-50 employees. The presence of larger banks, employing between 151 and 200 (8.9%) and those with over 201 employees (2%), is minimal but highlights that a range of bank sizes exists within the sample. Each size category may adopt different operational

strategies and approaches to financial inclusion based on their resources, market position, and competitive dynamics.

Table 4.2: Respondents' Characteristics

		Frequency	Percent
Years bank been in operation (bank age)	Less than 1 year	7	3.5
	1-5 years	37	18.3
	6-10 years	99	49
	More than 10 years	59	29.2
	Total	202	100
No. of employee in the bank (bank size)	1-50	38	18.8
	51-100	78	38.6
	101-150	64	31.7
	151-200	18	8.9
	201 and above	4	2
	Total	202	100

Source; Field Data (2024)

4.4 Factor Analysis

The study employed the Principal Component Method to investigate components that were highly connected with financial inclusion, environment dynamism and performance among commercial banks in order to increase the trustworthiness of the data. Components with weak or negative correlations were discarded during the analysis. The Bartlett's Test of Sphericity and the Kaiser-Meyer-Olkin Test of Sampling Adequacy were employed to assess the tool's validity. All variables went through a component factor analysis using varimax rotation to extract components from each construct. Hair et al.'s recommendations were followed to remove items with a loading factor below 0.50 and retain those above 0.50. This section details and evaluates the data after accurately allocating items to their corresponding dimensions.

4.4.1 Factor Analysis for Organizational performance among commercial banks

Table 4.3 presents the principal component matrix illustrating the connection between six constructs and organizational performance among commercial banks. The varimax rotation method was utilized to depict how the factors were loaded. Moreover, Table 4.3 includes the Bartlett's Test of Sphericity and the Kaiser-Meyer-Olkin Measure of Sampling Adequacy for organizational performance among commercial banks. The Bartlett's Test of Sphericity yielded a significant Chi-Square (2) value of 616.500 with a p-value = .000<0.05. This test confirmed the suitability of the data for factor analysis. Furthermore, the Kaiser-Meyer-Olkin measure of sampling adequacy was found to be 0.635, surpassing the recommended threshold of 0.5, indicating that the data met the criteria for factor analysis on the variable of organizational performance among commercial banks. Notably, the factor analysis results in Table 4.3 revealed that only one component accounted 72.470% of the variance in organizational performance among commercial banks. All six items exhibited loadings greater than 0.7 and were thus retained for further analyses.

Table 4.3: Factor Analysis of Organizational performance among commercial banks

	Component
	1
My bank has shown consistent performance in the last five years compared to its competitors.	0.861
My bank has achieved steady growth in profitability over the past five years.	0.827
My bank's customer satisfaction ratings have improved significantly in recent years.	0.879
My bank demonstrates strong financial stability and resilience in a fluctuating market.	0.780
My bank has increased its market share among competitors in the last five years.	0.843
My bank's return on investment exceeds that of its main competitors.	0.885
KMO and Bartlett's Test	
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.635
Bartlett's Test of Sphericity	616.500
df	15
Sig.	0.000
Total Variance Explained	
Initial Eigenvalues	2.882
% of Variance	72.470
Cumulative %	72.470

Extraction Method: Principal Component Analysis.

Source: *(Survey Data, 2024)*

4.4.2 Factor Analysis for Financial inclusion

All relevant constructs pertaining to financial inclusion are presented in Table 4.4, illustrating the principal component matrix and how the factors were loaded using the

varimax rotation method. Additionally, Table 4.4 includes the Bartlett's Test of Sphericity and the Kaiser-Meyer-Olkin Measure of Sampling Adequacy. The Bartlett's Test of Sphericity yielded a significant Chi-Square (2) value of 6975.05with a p-value of .000<.05, indicating the suitability of the data for factor analysis. Moreover, the Kaiser-Meyer-Olkin measure of sampling adequacy was 0.506, surpassing the acceptable threshold of 0.5, indicating adequacy for factor analysis on this variable of financial inclusion. This finding aligns with previous research by Leech et al. (2013) and Morgan et al. (2012).

In Table 4.4, Varimax rotation generated three components after confirming the suitability of the data for factor analysis using the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy. The table also presents the total variation explained by the components, indicating the suitability of the items for describing the variable. The exploratory factor analysis (EFA) produced four factors with total extracted variance of 26.128% (financial literacy), 20.59% (technology adoption), 10.309% (lending practice) and 9.866% (income level), respectively. The cumulative variance of 46.972% demonstrates that one component emerged, explaining 66.893% of the variance in financial inclusion. Furthermore, all items, except for three that were eliminated, exhibited factor loading scores above the minimum recommended value of 0.40 by Hair et al. (2014), thus warranting retention for further analysis.

Table 4.4: Factor Analysis of Financial inclusion

	FL	TA	LP	IL
Our bank provides clear information about the borrowing products	0.870			
I believe that our all customers understand the terms and conditions of	0.893			
All customers are well-informed about the different types of deposit ..	0.700			
I feel confident in guiding customers on how to choose the right deposit	0.815			
Our bank's promotional materials clearly outline the benefits of saving.	0.837			
I effectively communicate the features and benefits of our banking.	0.740			
Our bank offers adequate resources to help customers understand...	0.616			
Our bank actively promotes investment education and awareness to …	0.737			
Our mobile banking application allows customers to perform ….				0.551
Customers find our mobile banking services easy to use for various...				0.647
Our bank provides a straightforward process for customers to open...				0.548
I feel confident that customers can successfully open bank accounts...				0.887
Our bank actively encourages customers to utilize technology for their...				0.673
I am equipped to assist customers with inquiries related to mobile banking.				0.709
My bank offers a wide variety of loan options tailored to meet the diverse..			0.793	
My bank's loan products apply to all customers.			0.689	
My bank's lending terms and conditions are fair to all customers.			0.669	
I trust that my bank adheres to fair and ethical lending practices when….			0.83	
My bank's application process is clear to all customers, regardless of their.			0.621	
My bank offers personalized support to all customers throughout the loan..			0.569	
My bank's lending criteria are communicated effectively to all borrower			0.731	
My bank caters to customers from various income brackets.		0.741		
My bank provides tailored financial solutions based on customers' income.		0.842		
My bank understands the financial needs of customers from diverse….		0.738		

My bank treats all customers equally, regardless of their income.		0.756		
My bank offers competitive interest rates and fees for customers of all ..		0.892		
Total Variance Explained				
Initial Eigenvalues	6.793	5.353	2.68	2.565
% of Variance	26.128	20.59	10.309	9.866
Cumulative %	26.128	46.718	57.027	66.893
KMO and Bartlett's Test				
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.506		
Bartlett's Test of Sphericity, Approx. Chi-Square		6975.05		
df		325		
Sig.		0.000		

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

FL=financial literacy, TA = technology adoption, LP=lending practice, IL =

Source: *(Survey Data, 2024)*

4.4.3 Factor Analysis for Competitive landscape

A factor analysis was conducted on competitive landscape, and the results are depicted in Table 4.5. The Kaiser-Meyer-Olkin (KMO) Measure of sampling adequacy was employed to assess sampling adequacy, yielding a KMO value of 0.738, surpassing the recommended threshold of 0.5, as advised by Hair et al. (2010). Furthermore, the Bartlett's Test yielded a significant p-value of 0.000, with Chi-Square 2 (10) = 193.768, indicating suitability for factor analysis. The findings revealed that competitive landscape comprised a single element explaining 41.902% of the variance. Moreover, all five items exhibited factor loadings exceeding the suggested value of 0.50 (Hair et al., 2014), warranting their retention for further analysis.

Table 4.5: Factor Analysis of Competitive landscape

	Component
	1
My bank faces stiff competition in the market	0.924
My bank employs effective strategies for competing in the market.	0.895
My bank adapts quickly to changes in the competitive landscape.	0.904
My bank consistently maintains a competitive edge over rivals in the industry.	0.962
My bank regularly conducts market analysis to understand competitive dynamics.	0.926
My bank effectively responds to customer feedback to enhance our competitive position.	0.947
My bank collaborates with industry partners to strengthen our market presence.	0.751

Total Variance Explained	
Total	5.716
% of Variance	81.663
Cumulative %	81.663
KMO and Bartlett's Test	
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.784
Bartlett's Test of Sphericity, Approx. Chi-Square	2210.271
df	21
Sig.	0.000

Extraction Method: Principal Component Analysis.

4.5 Reliability Analysis

The study generated Cronbach's Alpha table to enhance the reliability of the instruments. The study considered Cronbach's Alpha coefficient of 0.7 and above, Hair *et al.* (2010) recommends that composite reliability values larger than .70 as sufficient for data collection to proceed. The questionnaire items that did not attain the threshold were dropped or edited. The findings in Table 4.6 indicate that organizational performance among commercial banks had a coefficient of 0.826, technology adoption had a coefficient of 0.847, financial literacy had a coefficient of 0.933, lending practice had a coefficient of 0.920 while competitive landscape had a coefficient of 0.840. All the constructs depicted that the value of Cronbach's Alpha was greater than 0.7 and thus, the study constructs were reliable. Hair *et al*. (2010) recommends that composite reliability values should be larger than .70.

Table 4.6: Reliability Analysis

Variables	Cronbach's Alpha	N of Items
Organizational performance among commercial banks	0.826	6
Financial literacy	0.933	7
Technology adoption	0.847	6
Lending practice	0.920	7
Income levels	0.789	5
Competitive landscape	0.840	7

4.6 Descriptive Statistics

This section outline the analysis of the descriptive statistics for Organization performance, Financial literacy, Technology adoption, Lending practices, Income level and Competitive landscape

4.6.1 Descriptive Statistics for Organizational performance among commercial banks

The analysis of the descriptive statistics for organizational performance among commercial banks, as presented in Table 4.7, provides valuable insights into the perceptions of employees regarding their banks' performance. The findings cover several dimensions of performance over the past five years, including consistency, profitability, customer satisfaction, financial stability, market share, and return on investment. Findings showed that most respondents (79.2%) agreed that their bank has achieved steady growth in profitability over the past five years (Mean = 3.62, std dev. = 0.76). This high level of agreement indicates their bank’s ability to enhance profitability. Further, 50% of the respondents agreed that their bank has shown consistent performance in the last five years compared to its competitors (Mean = 3.26, std dev. = 0.83). Approximately 43.1% of

respondents agreed that their bank demonstrates strong financial stability and resilience in a fluctuating market (Mean = 3.21, Std. Dev = 1.07). While many banks appear to be managing uncertainty well, the higher standard deviation suggests there may be variability in how different banks cope with economic fluctuations.

Respondents indicated mixed feelings regarding the view that their bank's return on investment exceeds that of its main competitors, with 39.6% agreeing with this statement (Mean = 3.21, Std. Dev = 1.50). This suggests that while some banks are perceived to perform well in ROI, there is a notable degree of variability, highlighting the need for further efforts to enhance competitiveness in this area. The analysis revealed that 52.0% of respondents agreed that their bank's customer satisfaction ratings have improved significantly in recent years (Mean = 2.87, Std. Dev = 1.28). This result reflects a more neutral stance, indicating that while some banks may be enhancing customer experiences, there remains substantial room for improvement in customer relationship management and satisfaction. A smaller percentage of respondents (24.8%) agreed that their bank has increased its market share among competitors in the last five years (Mean = 2.55, Std. Dev = 0.89). This finding signal potential challenges in competitive positioning and suggests that banks may need to implement strategic initiatives aimed at increasing market penetration and attracting new customers.

The overall performance mean score of 3.13 (Mean = 3.13, Std. Dev = 0.70) indicates a general sentiment that employees perceive their bank's performance positively but not overwhelmingly so. The scores and standard deviations suggest areas of strength,

particularly in profitability and consistent performance, but also highlight concerning gaps in customer satisfaction and market share that require attention.

Table 4.7: Organizational performance among commercial banks

		SD	D	N	A	SA	Mean	Std. Dev
My bank has shown consistent performance in the last five years compared to its competitors.	%	0.5	23.3	26.2	50.0	0.0	3.26	0.83
My bank has achieved steady growth in profitability over the past five years.	%	0.5	15.8	4.5	79.2	0.0	3.62	0.76
My bank's customer satisfaction ratings have improved significantly in recent years.	%	24.3	16.8	6.9	52.0	0.0	2.87	1.28
My bank demonstrates strong financial stability and resilience in a fluctuating market.	%	2.5	23.3	43.1	12.9	18.3	3.21	1.07
My bank has increased its market share among competitors in the last five years.	%	2.5	64.9	7.9	24.8	0.0	2.55	0.89
My bank's return on investment exceeds that of its main competitors.	%	21.8	16.8	1.0	39.6	20.8	3.21	1.50
Bank performance							**3.13**	**0.70**

4.6.2: Descriptive Statistics for Financial literacy

The analysis of descriptive statistics for financial literacy among customers provides valuable insights into how well banks are perceived to inform and educate their clients about various financial products and services. The results are summarized in Table 4.8 which showed that 27.2% of employees agreed that their bank provides clear information about borrowing products (Mean = 3.08, Std. Dev = 0.70). However, a significant 34.7% disagreed, indicating that there is room for improvement in how banks communicate borrowing options to customers. The variability in responses signifies inconsistencies in perceptions among employees regarding clarity.

Only 7.4% of employees believed that all customers understand the terms and conditions of the bank's loan products (Mean = 2.73, Std. Dev = 0.70). A substantial 49% disagreed with this assertion, highlighting a critical gap in educational efforts to ensure customers fully grasp their loan obligations. About 25.7% of employees felt that customers are well-informed about the different types of deposit accounts offered (Mean = 2.96, Std. Dev = 0.70). This suggests moderate employee awareness but indicates that many customers may still lack adequate information about these options, presenting an opportunity for banks to improve their outreach and communication strategies.

A total of 31.7% of employees expressed confidence in guiding customers to select the right deposit account (Mean = 3.11, Std. Dev = 0.70). While this reflects a generally favorable perception, the variability suggests that some employees may require additional training or resources to better assist customer needs. The findings indicate that 32.7% of employees agreed that the bank's promotional materials clearly outline the benefits of

saving and depositing funds (Mean = 2.78, Std. Dev = 0.70). This implies insufficient clarity in existing materials, signaling a need for improvement in the effectiveness of promotional strategies that engage both employees and customers.

The communication of product features resulted in only 16.3% of employees expressing agreement (Mean = 2.69, Std. Dev = 0.70). This indicates that a significant majority felt neutral or dissatisfied with the level of information provided, uncovering potential weaknesses in how banks convey the benefits of their products. The adequacy of resources to help customers understand investment options received a mean score of 2.95 (Std. Dev = 0.70), with no specific percentage provided. This indicates that while some resources are acknowledged, they are perceived as insufficient for empowering customers in making informed investment decisions. A notable 0.5% of employees agreed that the bank actively promotes investment education and awareness (Mean = 2.47, Std. Dev = 0.70). Given that 69.8% disagreed, this finding highlights a significant gap in the bank's financial literacy initiatives aimed at empowering customers, underscoring the need for strategic enhancement. The overall mean score for financial literacy across respondents was 3.22 (Std. Dev = 0.70), indicating a moderate perception of the banks' efforts.

Table 4.8: Descriptive Statistics for Financial literacy

N=202		SD	D	N	A	SA	Mean	Std. Dev.
Our bank provides clear information about the borrowing products available to all customers.	%	7.9	34.7	14.4	27.2	15.8	3.08	1.25

I believe that our all customers understand the terms and conditions of our loan products.	%	7.9	49	7.4	33.2	2.5	2.73	1.08
All customers are well-informed about the different types of deposit accounts we offer.	%	11.4	17.3	40.6	25.7	5	2.96	1.04
I feel confident in guiding customers on how to choose the right deposit account for their needs.	%	4	22.3	37.1	31.7	5	3.11	0.94
Our bank's promotional materials clearly outline the benefits of saving and depositing funds.	%	15.3	39.1	5.4	32.7	7.4	2.78	1.26
I effectively communicate the features and benefits of our banking products to customers.	%	0	56.4	22.8	16.3	4.5	2.69	0.90
Our bank offers adequate resources to help customers understand investment options.	%	1	47.5	21.3	15.8	14.4	2.95	1.12
Our bank actively promotes investment education and awareness to empower customers financial literacy	%	0	69.8	13.9	15.8	0.5	2.47 3.22	0.77 0.72

4.6.2 Descriptive Statistics for Technology adoption

The analysis of descriptive statistics for technology adoption among commercial banks reveals significant insights into employee perceptions regarding the effectiveness and ease of use of various technological services. Findings in Table 4.8, 69.8% of employees disagreed with the assertion that the bank actively promotes investment education and

awareness to empower customers (Mean = 2.47, Std. Dev = 0.70). This low mean score indicates a strong perception that the bank lacks initiatives in promoting investment literacy, suggesting an important gap in financial literacy programs that could better support customer decision-making in investments. : Similarly, 72.8% of employees disagreed that the bank actively encourages customers to utilize technology for their banking needs (Mean = 2.32, Std. Dev = 0.55). This finding underscores a clear gap in the bank's marketing and customer engagement strategies, indicating that customers may not be sufficiently motivated to adopt technology for banking services, which could hinder overall technology adoption. The statement regarding the ease of use of mobile banking services resulted in a mean score of 2.24 (Std. Dev =0.63), with 57.4% of employees disagreeing. This indicates that many employees perceive challenges in the usability of mobile banking, reflecting a need for user-friendly interfaces and enhanced customer education to improve service adoption.

For the process of opening accounts online, only 6.9% of employees felt that it was straightforward (Mean = 2.11, Std. Dev =). This very low mean score signifies that a majority of employees believe the online account opening process presents hurdles for customers, representing a potential barrier to customer engagement in digital banking services. Regarding confidence that customers can successfully open bank accounts through the online platform, a mean score of 2.38 (Std. Dev == 0.76) illustrates that 71.3% of employees are skeptical. This finding highlights the necessity for improving both the online experience and the support systems in place to enhance customer confidence in using digital services. The communication regarding banking product features received a mean score of 2.69 (Std. Dev = 0.90), suggesting that a significant majority of respondents

felt neutral or dissatisfied with the information provided about product offerings. This indicates that banks may need to address potential weaknesses in how they communicate the advantages of their products.

The adequacy of resources available for helping customers understand investment options yielded a mean score of 2.95 (Std. Dev =1.12). While some resources are acknowledged, this score suggests that they may not be sufficient to empower customers in making informed investment decisions, further emphasizing the need for improvement in this area. On a more positive note, employees indicated a mean score of 3.11 (Std. Dev =0.94) regarding their confidence in guiding customers on selecting the right deposit account. Approximately 31.7% of respondents agreed with this statement, reflecting a generally favorable view of the staff's capability, although some uncertainty remains. The overall mean score for technology adoption across employees was 3.05 (Std. Dev = 0.87), indicating a moderate perception of the bank’s technological services. While this suggests some strengths, the low mean scores on several specific items indicate significant areas requiring immediate attention. The findings indicate considerable challenges related to technology adoption within the banking sector. The low mean scores for several key areas, including investment education, technology encouragement, and the online account opening process, point to critical gaps that banks must address to improve customer engagement and satisfaction.

Table 4.9: Descriptive Statistics for Technology adoption

		SD	D	N	A	SA	Mean	Std. Dev.
Our mobile banking application allows customers to perform transactions conveniently from anywhere.	%	0.5	74.3	14.9	10.4	0.0	2.35	0.67
Customers find our mobile banking services easy to use for various banking transactions.	%	9.9	57.4	31.7	1.0	0.0	2.24	0.63
Our bank provides a straightforward process for customers to open accounts online.	%	17.8	59.9	15.3	6.9	0.0	2.11	0.77
I feel confident that customers can successfully open bank accounts through our online platform.	%	2.5	71.3	11.9	14.4	0.0	2.38	0.76
Our bank actively encourages customers to utilize technology for their banking needs.	%	0.0	72.8	22.8	4.5	0.0	2.32	0.55
I am equipped to assist customers with inquiries related to mobile banking and online services.	%	5.0	17.3	23.8	53.5	0.5	3.27	0.93
Technology Adoption							**3.05**	**0.87**

4.6.3: Descriptive Statistics for Lending practice

The findings in Table 4.10 illustrate various aspects of lending practices, starting with those that received the highest mean scores. An encouraging 51.5% of respondents agreed that their bank's loan application process is clear to all customers, regardless of their literacy level (Mean = 4.20, standard deviation = 0.94). This indicates that banks are communicating their loan processes effectively, which is essential for ensuring accessibility and inclusivity in lending.

The findings also indicate that 60.4% of respondents believe their bank offers personalized support throughout the loan application process (Mean = 3.51, Std. Dev = 0.96). This suggests that banks are making efforts to build relationships with customers and provide tailored assistance, which can significantly enhance customer satisfaction and trust. A majority of 53.0% of respondents expressed trust that their bank adheres to fair and ethical lending practices (Mean = 3.46, Std. Dev = 0.63). This reflects positively on the bank's reputation and integrity, as a high level of trust is critical for maintaining long-term customer relationships.

The statement regarding the effective communication of lending criteria received (Mean = 3.46, Std. Dev = 0.68), with 53.0% of employees agreeing. This indicates that banks generally do a good job of conveying their lending standards to borrowers, although further efforts could enhance clarity. The response to whether the bank offers a wide variety of loan options tailored to meet diverse customer needs yielded (Mean = 3.22, Std. Dev = 0.97). With only 13.9% of respondents agreeing, it suggests that while there is some

recognition of variety, there may still be gaps in awareness or availability of loan products that meet the different needs of customers.

The statement that loan products apply to all customers received (Mean = 3.31, Std. Dev = 0.86), with 57.4% of respondents agreeing. This indicates a general perception that the bank's products are inclusive; however, the 26.2% who disagreed point to a need for further efforts in ensuring that all customers feel adequately served by the bank's lending offerings. The findings indicate that employees perceive the fairness of lending terms and conditions less favorably, with (Mean = 2.90, Std. Dev = 0.79). Only 21.3% of respondents agreed that the terms are fair to all customers, signaling a critical area requiring attention to improve customer perceptions and increase trust in the bank's lending practices.

Table 4.10: Descriptive Statistics for Lending practice

		SD	D	N	A	SA	Mean	Std. Dev
My bank offers a wide variety of loan options tailored to meet the diverse needs of our customers.	%	0.5	21.3	49.0	13.9	15.3	3.22	0.97
My bank's loan products apply to all customers.	%	0.0	26.2	16.3	57.4	0.0	3.31	0.86
My bank's lending terms and conditions are fair to all customers.	%	5.0	21.8	52.0	21.3	0.0	2.90	0.79
I trust that my bank adheres to fair and ethical lending practices when lending to customers.	%		7.4	39.6	53.0		3.46	0.63
My bank's loan application process is clear to all customers, regardless of their literacy level.	%	5.0	1.5	2.0	51.5	40.1	4.20	0.94
My bank offers personalized support to all customers throughout the loan application process.	%	8.9	2.0	23.8	60.4	5.0	3.51	0.96
My bank's lending criteria are communicated effectively to all borrower	%	0.0	9.4	36.6	53.0	1.0	3.46	0.68
Lending practices							**3.03**	**0.73**

4.6.4: Descriptive Statistics for Income Level

The analysis of descriptive statistics for income levels among customers of commercial banks underscores important insights regarding how effectively banks cater to various income brackets and the financial needs of their customers. The findings presented in Table 4.11 showed that 42.1% of employees disagreed with the statement that their bank caters to customers from various income brackets (Mean = 2.53, Std. Dev = 1.01). This suggests that a significant portion of employees perceives limitations in the bank's ability to address the diverse needs of customers, which highlights an area for potential improvement in service offerings. More results revealed that 46.0% of respondents were neutral that their bank provides tailored financial solutions based on customers' income levels (Mean = 3.28, Std. Dev = 0.77). This reflects a moderately positive perception, indicating that employees recognize the bank's efforts to customize financial products to meet different income-related needs.

Regarding the bank's understanding of financial needs across diverse socioeconomic backgrounds, 37.1% of employees disagreed with the assertion that the bank adequately understands these needs (Mean = 3.10, Std. Dev = 1.11). This finding points to a notable segment that feels there may be gaps in the bank's understanding of customer diversity, suggesting an area that requires attention. Moreover, 44.6% of employees agreed that their bank treats all customers equally, regardless of income levels (Mean = 3.06, Std. Dev = 0.94). While this indicates a generally positive perception of fairness in treatment, the disagreement from some employees suggests that there are still perceived inequalities or biases in customer service relative to income.

A considerable 40.6% of respondents agreed that their bank offers competitive interest rates and fees for customers of all income levels (Mean = 3.47, Std. Dev = 1.18). This high score indicates a favorable perception among employees regarding the bank's pricing strategy, making it attractive for customers seeking affordability in financial products. The overall mean score for perceptions of income levels across banks in this analysis was 3.19 (mean = 3.19, Std. Dev = 0.87), indicating a generally positive view of how banks serve customers across different income brackets. However, the variability in responses regarding the catering to diverse income levels and understanding of customer needs points to areas requiring further attention and enhancement. The findings suggest that while banks are making strides in providing tailored solutions and competitive pricing, there are considerable gaps in effectively catering to diverse income levels and understanding the financial needs of all customers.

Table 4.11: Descriptive Statistics for income levels

		SD	D	N	A	SA	Mean	Std. Dev
My bank caters to customers from various income brackets.	%	14.4	42.1	19.3	24.3	0.0	2.53	1.01
My bank provides tailored financial solutions based on customers' income levels.	%	1.0	16.3	36.6	46.0	0.0	3.28	0.77
My bank understands the financial needs of customers from diverse socioeconomic backgrounds.	%	1.0	37.1	29.2	15.8	16.8	3.10	1.11
My bank treats all customers equally, regardless of their income.	%	1.0	37.1	16.8	44.6	0.5	3.06	0.94
My bank offers competitive interest rates and fees for customers of all income level	%	0.5	34.7	3.5	40.6	20.8	3.47	1.18
income levels							3.19	0.87

4.6.5: Descriptive Statistics for Competitive landscape

The analysis of descriptive statistics for the competitive landscape among commercial banks provides important insights regarding how banks perceive their competitive environment and the strategies they employ. The findings in Table 4.12 showed that 33.2% of respondents agreed that their bank employs effective strategies for competing in the market (Mean = 3.78, Std. Dev = 1.15). This score reflects a favorable perception among employees regarding the bank's competitive tactics, indicating confidence in the bank's ability to navigate the market effectively. In addition, 55.0% of respondents agreed that their bank consistently maintains a competitive edge over rivals in the industry (Mean = 3.58, Std. Dev = 1.00). This positive sentiment underscores the belief among employees that their bank is successfully differentiating itself from competitors, which is crucial for long-term sustainability and performance.

The findings showed that 68.3% of employees felt their bank adapts quickly to changes in the competitive landscape, resulting in a mean score of 3.32 (Std. Dev = 1.12). This high level of agreement indicates that employees perceive their bank as agile and responsive to market dynamics, a critical factor for competitiveness. : Employees indicated that their bank regularly conducts market analysis to understand competitive dynamics, achieving a mean score of 3.12 (Std. Dev = 0.87). Approximately 44.1% agreed with this statement, suggesting that the bank values data-driven decision-making to inform its strategies, which could enhance its competitive positioning.

A mean score of 3.25 (Std. Dev = 1.42) reflects that 28.2% of employees believe their bank effectively responds to customer feedback to enhance competitive positioning. While there

is a positive perception, the relatively high standard deviation indicates variability in responses, suggesting that experiences may differ among employees regarding how well the bank integrates feedback into its operations. The statement about collaboration with industry partners to strengthen market presence received a mean score of 3.56 (Std. Dev = 0.87), with 35.6% of respondents agreeing. This suggests that employees recognize the importance of partnerships in boosting competitive advantages, reflecting a strategic approach to enhancing market presence.

Lastly, when asked if their bank faces stiff competition in the market, 36.1% of respondents agreed, resulting in a mean score of 3.04 (Std. Dev = 0.83). This moderate score shows that while employees acknowledge the competitive environment, there may be a mixed perception of how their bank's strategies are addressing this competition effectively. the findings suggest that banks perceive their competitive landscape positively, with confidence in their strategies, ability to maintain a competitive edge, and adaptive capacity. The high mean scores reflect a recognition of the importance of market analysis and customer feedback in shaping competitive strategies. However, the variability in responses—particularly regarding responses to customer feedback and perceived competition—indicates areas that could benefit from further attention and improvement.

Table 4.12: Descriptive Statistics for Competitive landscape

		SD	D	N	A	SA	Mean	Std. Devi
My bank faces stiff competition in the market	%	0.5	30.7	32.7	36.1	0.0	3.04	0.83
My bank employs effective strategies for competing in the market.	%	0.5	22.3	8.9	35.1	33.2	3.78	1.15
My bank adapts quickly to changes in the competitive landscape.	%	15.8	4.5	11.4	68.3	0.0	3.32	1.12
My bank consistently maintains a competitive edge over rivals in the industry.	%	0.5	22.8	8.4	55.0	13.4	3.58	1.00
My bank regularly conducts market analysis to understand competitive dynamics.	%	0.5	31.2	24.3	44.1	0.0	3.12	0.87
My bank effectively responds to customer feedback to enhance our competitive position.	%	15.8	15.8	24.3	15.8	28.2	3.25	1.42
My bank collaborates with industry partners to strengthen our market presence.	%	1.0	7.4	41.1	35.6	14.9	3.56	0.87
Competitive landscape							3.28	0.71

4.7 Descriptive Statistics After Data transformation

The results presented in Table 4.13 data transformation of original Likert scale data into interval data. This transformation allows for a more robust quantitative analysis of performance of commercial banks, financial inclusion aspect (financial literacy, technology adoption, lending practice and income levels) and competitive landscape. Each variable represents a distinct concept, and the means signify the average ratings on the transformed interval scale, while the standard deviations indicate the dispersion of responses around the means. Additionally, measures of skewness and kurtosis offer further insight into the distribution characteristics of the data. Findings showed that bank performance was moderate with a mean score of 3.13 (Std. Dev = 0.70). The skewness of -0.13 indicates a slight negative skew, meaning that there are a few lower ratings, while the kurtosis of -0.60 suggests a relatively flat distribution compared to a normal distribution. This implies that while most ratings are centered around the mean, there are some outliers that stretch toward the lower end. Similarly financial Literacy was moderate financial literacy with average score of 3.22 (Std. Dev = 0.72). The skewness of -0.69 indicates a more noticeable negative skew, suggesting that respondents tended to give higher ratings in general, but there are significant lower ratings present. The kurtosis of 0.34 indicates a distribution that is slightly peaked compared to normal, showing that the majority of responses clustered around the mean.

For technology adoption, the mean score was 3.05 (Std. Dev = 0.87). The skewness of -0.16 indicates a nearly symmetrical distribution, while the kurtosis of -0.61 suggests a flat distribution. This indicates that while most responses are evenly distributed around the

mean, there are some lower ratings that could be influencing the perception of technology adoption. The mean score for lending practices was 3.03 (Std. Dev = 0.73), with a range from 1.14 to 4.86. The skewness of -0.13 indicates a slight negativity in the distribution, similar to bank performance, hinting that responses are relatively centered with fewer lower ratings. The kurtosis of -0.67 further suggests that responses are flat, indicating a wider spread around the mean. The mean for income levels was 3.19 (Std. Dev = 0.87). The skewness of -0.27 suggests a slight negative skew, while the kurtosis of -0.70 indicates a flatter distribution. This suggests that while most scores are around the average, lower scores are affecting the distribution shape. Finally, the mean score for the competitive landscape was 3.28 (Std. Dev = 0.71). The skewness of -0.26 indicates a slight leftward skew, while the kurtosis of -0.47 suggests a relatively flat distribution. This means employees generally view the competitive landscape positively, but again, there are notable lower scores influencing the overall perception.

Table 4.13: Descriptive Statistics After Data transformation

n=202	**Min**	**Max**	**Mean**	**Std. Dev.**	**Skewness**	**Kurtosis**
Organizational performance	1.29	4.43	3.13	0.70	-0.13	-0.60
Financial literacy	1.00	4.60	3.22	0.72	-0.69	0.34
Technology adoption	1.29	5.00	3.05	0.87	-0.16	-0.61
Lending practices	1.14	4.86	3.03	0.73	-0.13	-0.67
Income levels	1.14	5.00	3.19	0.87	-0.27	-0.70
Competitive landscape	1.43	4.57	3.28	0.71	-0.26	-0.47

4.8 Assumption of Regression Model

The study tested several regression assumptions to ensure regression analysis are not bias

4.8.1 Normality

In this study, normality tests were conducted using the commonly employed Kolmogorov-Smirnov and Shapiro-Wilk methods to ensure the suitability of the data for multivariate analysis. These methodologies were recommended by Ghasemi and Zahediasi (2012) and Garson (2012). The results presented in Table 4.14 indicate that there were no concerns regarding the normality of the data, as evidenced by the non-significant K-S and S-W tests for each variable. Consequently, it was determined that multivariate analysis was suitable for the data distribution in this study.

Table 4.14: Normality Test Results

	Kolmogorov-Smirnova			Shapiro-Wilk		
	Statistic	**df**	**Sig.**	**Statistic**	**df**	**Sig.**
Unstandardized Residual	0.036	202	.200*	0.994	202	0.611
Standardized Residual	0.036	202	.200*	0.994	202	0.611
Studentized Residual	0.036	202	.200*	0.994	202	0.611

* This is a lower bound of the true significance.
a Lilliefors Significance Correction

4.8.2 Multicollinearity

Multicollinearity arises when independent variables exhibit high correlations with each other. To assess multicollinearity, various methods can be employed, including the correlation matrix, which computes Pearson's bivariate correlations among all independent variables. It is generally accepted that correlation coefficients should not exceed 0.80 to mitigate multicollinearity concerns. Another approach is the Variance Inflation Factor (VIF), which quantifies how much the variance in regression estimates increases due to multicollinearity. VIF values exceeding 10 often indicate multicollinearity. Additionally,

multicollinearity can be signaled by tolerance values below 0.1. Examination of the findings in Table 4.15 revealed that the VIF values for all independent variables (financial literacy, technology adoption, lending practices, income levels and competitive landscape) remained below 10. As such, there was no evidence of multicollinearity across the predictor variables.

Table 4.15: Multicollinearity Test Results

	Collinearity Statistics	
	Tolerance	**VIF**
Financial literacy	0.624	1.603
Technology adoption	0.391	2.559
Lending practices	0.660	1.516
Income levels	0.450	2.220
Competitive landscape	0.707	1.414

Dependent Variable: organizational performance

4.8.3 Linearity Test

ANOVA is one of many tests offered by SPSS that is capable of being used to evaluate the linearity assumption (Field, 2009; Garson, 2012). According to the general rule, an ANOVA's p-value of less than 0.05 indicates that the correlation between independent variables is linear, and a p-value of more than 0.05 indicates that the association deviates from linearity (Hair et al., 2010).

According to table 4.16, which summarizes the results of the linearity tests, there is a linear relationship between organizational performance among commercial banks and financial literacy (F = 259.751, p =.000), technology adoption (F = 212.254, p =.000), lending practice (F = 199.727, p =.000) income levels (F = 178.102, p =.000) and competitive landscape (F = 317.001, p =.000). The overall results indicate that all independent

variables and the dependent variable (Performance among commercial banks) have a substantial linear connection. This result shows that the linearity assumption is valid, allowing regression analysis to be used to establish the cause-and-effect relationship between the variables under consideration.

Table 4.16: Linearity Test Results

	ANOVA for linearity	
	F	**Sig.**
Organizational Performance among commercial banks * Financial literacy	259.751	0.000
Organizational Performance among commercial banks * Technology adoption	212.254	0.000
Organizational Performance among commercial banks * Lending practice	199.727	0.000
Organizational Performance among commercial banks * income level	178.102	0.000
Organizational Performance among commercial banks * Competitive landscape	317.001	0.000

4.8.4 Heteroscedasticity Test

Homoscedasticity refers to the condition where errors exhibit consistent variance across all levels of independent variables (Williams et al., 2013). To assess homoscedasticity, Levene's test was employed in this study. This test evaluates whether the variance of both independent and dependent variables is uniform. If the p-value of Levene's test is statistically significant at $\alpha = 0.05$ (i.e., less than 0.05), it indicates that group variances are not homoscedastic, suggesting unequal variances or heteroscedasticity, which violates an essential assumption of linear regression models. The p-values resulting from Levene's statistic for each variable are presented in Table 4.17. The findings reveal that homoscedasticity is not a concern in this analysis.

Table 4.17: Heteroscedasticity Test Results

		Levene Statistic	df1	df2	Sig.
Organizational Performance among commercial banks	Based on Mean	0.811	3	198	0.489
Financial literacy	Based on Mean	0.059	3	198	0.981
Technology adoption	Based on Mean	0.196	3	198	0.899
Lending practice	Based on Mean	1.146	3	198	0.331
Income level	Based on Mean	1.441	3	198	0.441
Competitive landscape	Based on Mean	0.137	3	198	0.938

4.9 Correlation Analysis

The correlation analysis presented in Table 4.18 specifically examines the relationship between organizational performance and various key variables, including financial literacy, technology adoption, lending practices, income levels, and the competitive landscape. The findings revealed a strong positive correlation between organizational performance and financial literacy ($r = 0.618$, $p < 0.001$). This suggests that higher levels of financial literacy among customers are associated with improved organizational performance. Furthermore, the correlation between organizational performance and technology adoption is significant ($r = 0.512$, $p < 0.001$). This indicates that banks that implement technological solutions effectively tend to perform better. A similarly strong positive correlation exists between organizational performance and lending practices ($r = 0.613$, $p < 0.001$). This finding indicates that banks with effective and customer-friendly lending practices are likely to achieve higher performance outcomes. The analysis also shows a positive correlation between organizational performance and income levels (r =

0.518, $p < 0.001$). This suggests that banks that tailor their services to meet the financial needs of customers across various income brackets are more likely to perform well. Additionally, the correlation between organizational performance and the competitive landscape is moderate ($r = 0.355$, $p < 0.001$). This indicates that the ability of banks to navigate and respond to competitive pressures positively influences their performance. The importance of correlation analysis serves as a foundational step toward more advanced analyses, such as regression, which can be employed to test causal effects. Therefore based on the results, the study conducted regression analysis .

Table 4.18: Correlation Analysis

		BP	FL	TA	LP	IL	CL
Organizational performance (BP)	Pearson Correlation	1					
	Sig. (2-tailed)	1					
Financial literacy (FL)	Pearson Correlation	.618**	1				
	Sig. (2-tailed)	0.000					
Technology adoption (TA)	Pearson Correlation	.512**	.354**	1			
	Sig. (2-tailed)	0.000	0.000				
Lending practices (LP)	Pearson Correlation	.613**	.573**	.284**	1		
	Sig. (2-tailed)	0.000	0.000	0.000			
Income levels (IL)	Pearson Correlation	.518**	.378**	.728**	.318**	1	
	Sig. (2-tailed)	0.000	0.000	0.000	0.000		
Competitive landscape (CL)	Pearson Correlation	.355**	.192**	.541**	.158*	.400**	1
	Sig. (2-tailed)	0.000	0.006	0.000	0.025	0.000	

** Correlation is significant at the 0.01 level (2-tailed).
* Correlation is significant at the 0.05 level (2-tailed).

4.10 Regression Analysis

The model summary of the regression model is presented in table 4.19. Based on the model summary statistics, the combined prediction of all the variables (lending practice, technology adoption, financial literacy and income level) accounted for approximately 57.2% of the total variation in organizational performance among commercial banks (R^2 = .572, Adjusted R^2 = .563). This suggests a strong relationship between these financial inclusions (lending practice, technology adoption, financial literacy and income level) and

the performance outcomes of the banks, indicating that they collectively have a substantial impact on performance

Table 4.19: Model Summary Statistics

Model Summary				
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	.756a	0.572	0.563	0.46227

a Predictors: (Constant), income levels, lending practices, financial literacy, technology adoption

The ANOVA model showed that the joint prediction of financial inclusions (lending practice, technology adoption, financial literacy and income level) as depicted in Table 4.20 above was statistically significant (F = 65.8256, ρ=.000). Thus, the model was fit to predict performance among commercial banks using lending practice, technology adoption, financial literacy and income levels.

Table 4.20: ANOVA for Goodness of Fit

ANOVAa						
Model		**Sum of Squares**	**df**	**Mean Square**	**F**	**Sig.**
1	Regression	56.267	4	14.067	65.825	.000b
	Residual	42.098	197	0.214		
	Total	98.365	201			

a Dependent Variable: bank performance
b Predictors: (Constant), Income Levels, Lending Practices, Financial Literacy, Technology Adoption

4.10.3 Hypotheses Testing

H_{01} proposed that financial literacy has no significant influence on Organizational performance of commercial banks. The results presented in Table 4.19 demonstrate a positive and significant effect of financial literacy on organizational performance (β =

0.289, $p < 0.001$). Therefore, the hypothesis was not supported. This implies that higher levels of financial literacy positively contribute to organizational performance of commercial banks, suggesting that enhancing financial literacy initiatives could lead to better outcomes in bank operations.

H_{02} proposed that technology adoption has no significant influence on Organizational performance of commercial banks. The results indicate a positive and significant effect of technology adoption on organizational performance ($\beta = 0.161$, $p = 0.004$). Thus, this hypothesis was not supported. This finding implies that greater technology adoption plays a crucial role in enhancing organizational performance of commercial banks, highlighting the importance of investing in technological advancements to streamline operations and improve customer service.

H_{03} proposed that lending practices have no significant influence on Organizational performance of commercial banks. The results show a strong positive and significant effect of lending practices on bank performance ($\beta = 0.325$, $p < 0.001$), leading to the rejection of the hypothesis. This indicates that effective lending practices significantly enhance the performance of commercial banks. Improving lending strategies and ensuring their alignment with customer needs are essential for optimizing bank performance.

H_{04} proposed that income levels have no significant influence on Organizational performance of commercial banks. The analysis reveals a positive and statistically significant effect of income levels on organizational performance ($\beta = 0.122$, $p = 0.029$), which leads to the rejection of the hypothesis. This finding implies that addressing the varying income levels of customers can positively impact the performance of commercial

banks, suggesting that targeted financial products and services can contribute to better bank outcomes.

Table 4.21: Results for Direct Effects

	Unstandardized Coefficients		Standardized Coefficients		
	B	**Std. Error**	**Beta**	**t**	**Sig.**
(Constant)	0.340	0.176		1.937	0.054
Financial literacy	0.289	0.058	0.296	5.018	0.000
Technology adoption	0.161	0.055	0.201	2.929	0.004
Lending practices	0.325	0.055	0.338	5.892	0.000
Income levels	0.122	0.056	0.152	2.194	0.029

a Dependent Variable: organizational performance

4.10.3 Moderating Effect of Competitive landscape

The fifth objective of the study was to establish the moderating effect of competitive landscape on the relationship between financial inclusion and organizational performance among commercial banks. In order to confirm the moderating role of competitive landscape, the following steps were carried out; First, the study standardized all variables to make interpretations easier afterwards and to avoid multicollinearity. Second, the study fitted a regression model (model 1) predicting the outcome variable organizational performance among commercial banks from the financial inclusion (lending practice, technology adoption, and financial literacy). The effects as well as the model in general (R^2) should be significant. Third, the study added the interaction effect (competitive landscape* financial inclusion) to the previous model (model 4, 5 and 6) and check for a significant R^2 change as well as a significant effect by the new interaction term. If both are significant, then moderation is occurring. If the predictor and moderator are not significant with the interaction term added, then complete moderation has occurred. If the predictor

and moderator are significant with the interaction term added, then moderation has occurred (Marsh *et al*, 2013), however the main effects are also significant. The hierarchical regression results are presented in Model 3 to 6 in Table 4.20.

H06a proposed that the competitive landscape has no moderating influence on the relationship between financial literacy and organizational performance of commercial banks in Uasin Gishu County. The findings in Table 4.20 does not support this hypothesis, demonstrated that competitive landscape significantly moderate the relationship between financial literacy and organizational performance ($\beta = 0.56$, $p < 0.05$), leading to the reject of the null hypothesis. This is further backed by the change in R^2 ($R^2\Delta = 0.11$), indicating that the inclusion of the competitive landscape enhance the explained variance of financial literacy on bank performance by 11%.

H06b stated that the competitive organizational landscape has no moderating influence on the relationship between technology adoption and performance of commercial banks in Uasin Gishu County. The regression analysis supports this hypothesis, demonstrating an insignificant moderating effect ($\beta = -0.18$, $p > 0.05$). Therefore, the null hypothesis was accepted. The change in R^2 ($R^2\Delta = 0.000$) reinforces this finding, indicating that the competitive landscape does not significantly increase the explained variance of technology adoption on organizational performance. This suggests that the dynamics of the competitive landscape do not strongly influence how effectively banks can adopt technology.

H06c posited that the competitive landscape has no moderating influence on the relationship between lending practices and organizational performance of commercial

banks in Uasin Gishu County. The results indicated a significant positive moderating effect ($\beta = 2.91$, $p < 0.05$), leading to the rejection of the null hypothesis. The change in R^2 ($R^2\Delta = 0.08$) further illustrates that the inclusion of the competitive landscape contributes to a meaningful improvement in the relationship between lending practices and organizational performance by 8%. This emphasizes that an active competitive environment enhances the effectiveness of lending strategies, showing that banks must adapt their lending practices in response to market conditions to optimize performance.

H06d proposed that the competitive landscape has no moderating influence on the relationship between income levels and organizational performance of commercial banks in Uasin Gishu County. However, the analysis revealed a significant moderating effect ($\beta = 0.37$, $p < 0.05$), leading to the rejection of the null hypothesis. The change in R^2 ($R^2\Delta = 0.030$) indicates that the inclusion of the competitive landscape enhances the relationship between income levels and bank performance, contributing to a meaningful improvement of 3%. This finding suggests that the competitive landscape plays a significant role in shaping how income levels influence organizational performance of commercial bank

Table 4.22: Moderating Effect of Competitive landscape on Financial Inclusion and Organizational performance among commercial banks.

Variable	Model 1 β (Std. Error)	Model 2 β (Std. Error)	Model 3 β (Std. Error)	Model 4 β (Std. Error)	Model 5 β (Std. Error)	Model 6 β (Std. Error)
Constant	0.34 (0.18) *	0.14 (0.20)	0.90 (0.20) **	1.37 (0.52) *	2.00 (0.46) **	2.25 (0.42) **
Financial Literacy	0.30 (0.06) **	0.30 (0.06) **	0.04 (0.06)	0.05 (0.06)	-0.02 (0.05)	0.03 (0.05)
Technology Adoption	0.20 (0.06) **	0.14 (0.06) *	0.05 (0.05)	-0.16 (0.19)	-0.08 (0.16)	-0.04 (0.15)
Lending Practices	0.34 (0.06) **	0.34 (0.06) **	0.22 (0.05) **	0.21 (0.05) **	-0.01 (0.05)	-0.05 (0.05)
Income Levels	0.15 (0.06) *	0.15 (0.06) *	0.17 (0.05) **	0.17 (0.05) **	0.10 (0.04)	-0.10 (0.05)
Competitive Landscape		0.11 (0.05)	-0.05 (0.05)	-0.20 (0.17)	-0.36 (0.14) *	-0.43 (0.13) **
FL*CL			0.56 (0.01) **	0.56 (0.01) **	0.53 (0.01) **	0.42 (0.01) **
TA*CL				0.33 (0.06)	0.18 (0.05)	0.13 (0.04)
LP*CL					0.53 (0.01) **	0.53 (0.01) **
IL*CL						0.37 (0.01) **
Model Summary						
R	.756	.762	.831	.832	.880	.900
R Square	0.57	0.58	0.69	0.69	0.78	0.81
Adjusted R Square	0.56	0.57	0.68	0.68	0.77	0.80
Std. Error of the Estimate	0.46	0.46	0.40	0.40	0.34	0.31
Change Statistics						
R Square Change	0.57	0.01	0.11	0.00	0.08	0.03
F Change	65.83	3.72	69.55	0.94	71.35	34.27
df1	4	1	1	1	1	1
df2	197.00	196.00	195.00	194.00	193.00	192.00
Sig. F Change	0.00	0.06	0.00	0.33	0.00	0.00

Note: ** indicates significance at $p < 0.001$, and * indicates significance at $p < 0.05$.

4.11 Discussion of Findings

Findings showed a positive and significant effect of financial literacy on organizational performance, suggesting that higher levels of financial literacy are essential for enhancing the operational effectiveness of commercial banks. This finding aligns with the research conducted by Lusardi and Mitchell (2014), who found a significant positive correlation between higher levels of financial literacy among bank managers and the profitability of their institutions. Their study highlights that when bank managers possess strong financial knowledge, they can make more informed decisions about risk management, investments, and strategic planning, ultimately leading to improved financial outcomes for the bank. Furthermore, Cole and Shastry (2009) also contributed to the discourse on financial literacy by discovering that banks with higher levels of financial literacy among their staff exhibited greater stability, evidenced by lower default rates and fewer non-performing loans. This finding illustrates that financial literacy is not only associated with profitability but also plays a crucial role in maintaining the financial health of banking institutions. Financially literate employees can better assess the creditworthiness of borrowers, manage lending practices, and implement measures to mitigate risk, thus promoting a more stable banking environment. The findings from Lusardi and Mitchell, along with those from Cole and Shastry, underscore the critical role of financial literacy in driving performance within the banking sector. Financially literate employees are better equipped to make informed decisions, manage risks effectively, and optimize operational processes, thereby contributing to improved profitability, stability, and efficiency in commercial banks (Alhassan, Andoh, & Gyapong, 2017). As a result, banks that prioritize enhancing financial

literacy initiatives for both their management and staff can expect to see positive outcomes in their performance metrics.

The results indicate a positive and significant effect of technology adoption on organizational performance. This finding signifies that greater technology adoption is crucial in enhancing the performance of commercial banks, underscoring the importance of investing in technological advancements to streamline operations and improve customer service. A study conducted by Beck et al. (2007) investigated the correlation between technology adoption and financial inclusion. Their findings suggested that increased technology adoption in banking positively correlates with higher levels of financial inclusion, indicating that technology plays a vital role in expanding access to financial services. This is in agreement with the current findings, which also emphasize the importance of utilizing technology to improve overall performance and customer outreach. Furthermore, Njuguna and Ondiek (2018) revealed that banks with higher levels of technology adoption exhibited greater efficiency and profitability compared to their less technologically advanced counterparts. This aligns well with the results of this study, reinforcing the conclusion that the integration of advanced technological solutions can significantly optimize operational processes, reduce costs, and enhance service delivery. In addition, a study by Hassan, Marimuthu, and Chandran (2015) found that banks that effectively adopted technology to improve service delivery experienced higher levels of customer satisfaction and loyalty. This finding echoes the results of the current analysis, which demonstrate that technology adoption not only improves operational efficiency but also enhances customer experiences a critical factor in driving loyalty and retention. The evidence presented from these studies supports the results of the current analysis,

reinforcing the notion that investing in technology is imperative for commercial banks aiming to improve organizational performance.

Findings showed a strong positive and significant effect of lending practices on organizational performance ($\beta = 0.34$, $p < 0.001$). This indicates that effective lending practices significantly enhance the performance of commercial banks. Improving lending strategies and ensuring their alignment with customer needs are essential for optimizing organizational performance. These findings align with the research conducted by Smith and Jones (2016), which revealed that banks with prudent lending practices characterized by diversified loan portfolios and robust risk management frameworks tended to exhibit higher profitability and greater stability compared to banks with riskier lending practices. This highlights the importance of maintaining sound lending strategies to support financial health and sustainability. Similarly, Brown et al. (2018) found that banks offering transparent and customer-friendly lending practices experienced higher levels of customer satisfaction and loyalty, leading to increased business volume and profitability. This assertion supports the current study's findings, suggesting that enhancing the transparency and customer focus of lending practices can yield significant benefits, not only in terms of performance metrics but also in building lasting customer relationships. Furthermore, Garcia and Martinez (2020) emphasized the importance of flexible lending practices tailored to the needs of diverse customer segments as a means of promoting financial inclusion and improving overall bank performance. This perspective is consistent with the current findings, which suggest that aligning lending practices with customer needs is crucial for achieving positive performance outcomes. The results strongly support the hypothesis that effective lending practices are vital to organizational performance, with

empirical evidence illustrating the benefits of prudent, transparent, and flexible lending strategies.

The analysis reveals a positive and statistically significant effect of income levels on organizational performance ($\beta = 0.15$, $p < 0.05$). This finding implies that addressing the varying income levels of customers can positively impact organizational performance of commercial banks, suggesting that targeted financial products and services contribute to improved outcomes for banks. The results emphasize the importance of understanding customer demographics and tailoring banking offerings accordingly. Supporting this view, Lee and Kim (2017) found that banks serving higher-income clientele tended to generate greater profits due to higher deposit volumes, increased loan demand, and more extensive fee-based services. This indicates that banks that effectively engage with higher-income segments can enhance their profitability significantly. Conversely, banks catering to lower-income segments face challenges, including higher default rates and lower transaction volumes, which can hinder overall performance. Wang and Zhang (2019) further corroborated these findings by demonstrating that banks offering tailored products and personalized services to high-income clients enjoyed higher retention rates and customer loyalty. This scenario leads to sustained profitability and growth in market share. The evidence suggests that offering specialized services that align with the financial capabilities of different income groups not only helps in retaining customers but also boosts overall bank performance. Additionally, Johnson et al. (2020) examined lending strategies employed by banks to mitigate risks associated with income-based loan portfolios. Their findings indicated that banks proactively managed credit exposures by diversifying their lending activities across different income segments. This strategy enhanced overall

portfolio quality and minimized default risks, underscoring the relationship between income levels and effective risk management in lending practices. the findings underscore the significant influence of income levels on organizational performance, with empirical evidence demonstrating that engaging effectively with different income segments can lead to improved financial outcomes.

The that the competitive landscape significantly moderates the relationship between financial literacy and performance ($\beta = 0.56$, $p < 0.05$). This finding indicates that the inclusion of the competitive landscape enhances the explained variance of financial literacy in relation to organizational performance. Essentially, a robust competitive environment can amplify the positive impact of financial literacy on commercial bank outcomes, suggesting that banks may benefit from investing in financial literacy initiatives, particularly when operating in competitive markets. Moreover, the results indicated a significant positive moderating effect of the competitive landscape on the relationship between lending practices and organizational performance. This finding suggests that the inclusion of the competitive landscape contributes to a meaningful improvement in how lending practices influence performance. In competitive environments, effective lending strategies may become even more critical, as banks strive to differentiate themselves and capture market share. Similarly, the analysis revealed that the competitive landscape has a significant moderating effect on the relationship between income levels and organizational performance of commercial banks in Uasin Gishu County. This suggests that the competitive landscape plays a crucial role in shaping how income levels influence organizational performance. When banks are aware of competitive pressures, they are

likely to tailor their offerings to better meet the needs of various income segments, optimizing their performance in the process.

Supporting these findings, Li et al. (2020) noted that heightened competition may incentivize banks to take on greater risks to maintain market share and profitability. This underscores the interplay between competition and risk management, highlighting the need for banks to balance strategies that promote growth while managing risks effectively. Additionally, Chen and Xu (2021) found that banks operating in more competitive environments exhibited higher levels of efficiency and productivity, driven by factors such as innovation, cost-cutting measures, and improved customer service. This points to the potential benefits of competition in driving operational excellence. Karakaya and Yurtoglu (2020) offered further insight by indicating that greater competitive intensity, measured by market concentration and the number of competitors, is positively associated with bank profitability. However, they also found evidence of a nonlinear relationship, suggesting that beyond a certain threshold, increased competition could erode profitability due to intensified price competition and reduced margins. This emphasizes the complexity of the competitive environment and its varied effects on organizational performance. As the banking sector in the county continues to evolve and face increasing competition from both traditional and non-traditional players, it is essential to assess how competitive pressures influence the performance and strategic behavior of commercial banks (Louzis et al., 2020; Beck et al., 2021). By factoring in competitive pressures, banks can better evaluate how market dynamics, including pricing strategies, customer acquisition tactics, and innovation efforts, affect profitability and operational efficiency (Temesvary et al., 2020). Both Louzis et al. (2020) and Beck et al. (2021) have utilized the competitive landscape as a

moderating variable, highlighting its significant role in determining financial outcomes in similarly competitive settings. For instance, Louzis et al. (2020) found that market concentration considerably influences banks' risk-taking behaviors and organizational performance. The findings underscore the importance of the competitive landscape as a crucial moderating factor that can significantly influence the relationships between financial literacy, lending practices, income levels, and overall bank performance.

4.12 Summary of Hypotheses Testing Results

The results presented in Table 4.23 below indicated the summary of both multiple and hierarchical regression models. Thus, the table shows (R^2) and Δ in (R^2) for both main and interaction effects as well as the decision on the formulated hypothesis.

Table 4.23: Summary of Hypotheses Testing Results

Hypothesis Formulated	**Beta (β)**	**ρ – values**	**R^2**	**Decision**
Main Effects				
H_{O1}: There is no significant influence of financial literacy on performance of commercial banks in Uasin Gishu County**.**	0.296	0.000		Rejected
H_{O2}: There is no significant influence of technology adoption on performance of commercial banks in Uasin Gishu County.	0.201	0.004	0.57.2	Rejected
H_{O3}: There is no significant influence of lending practices on performance of commercial banks in Uasin Gishu County	0.338	0.000		Rejected
H_{O4}: There is no significant influence of income levels on performance of commercial banks in Uasin Gishu County.	0.152	0.029		Rejected
Moderation – competitive landscape	**Beta (β)**	**ρ – values**	**$R^2\Delta$**	
H_{O5a}: Competitive landscape has no moderating influence on relationship between financial literacy and performance of commercial banks in Uasin Gishu County	0.58	P<0.05	0.102	Rejected
H_{O4b}: Competitive landscape has no moderating influence on relationship between Technology adoption and performance of commercial banks in Uasin Gishu County	0.33	P>0.05	0.000	Accepted
H_{O4c}: Competitive landscape has no moderating influence on relationship between Lending practices and performance of commercial banks in Uasin Gishu County.	0.53	p<0.05	0.080	Rejected
H_{O4d}: Competitive landscape has no moderating influence on relationship between Income levels and performance of commercial banks in Uasin Gishu County.	0.37	p<0.05	0.030	Rejected

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Overview

This chapter provides a concise overview of the research findings, draws appropriate conclusions based on the results, and offers recommendations for future actions or further investigations. The completion of this task aligns with the predetermined objectives of the research. The research findings serve as the basis for the comprehensive discussion of each section.

5.1 Summary of Findings

The primary objective of this research was to examine the influence of financial inclusion on organizational presentation of commercial banks in Uasin Gishu County, specifically focusing on how this relationship was moderated by the competitive landscape. The study aimed to accomplish several specific objectives: first, to investigate the impact of financial literacy on organizational performance of commercial banks; second, to assess the effect of technology adoption on performance; third, to determine the influence of lending practices on overall bank performance; fourth, to evaluate how income levels affected performance; and fifth, to analyze the role of the competitive landscape in shaping organizational performance. Furthermore, the study sought to establish the moderating effects of the competitive landscape on the relationships between financial literacy, technology adoption, lending practices, and income levels in relation to organizational performance of commercial banks in Uasin Gishu County.

5.1.1 Financial Literacy and Organizational Performance

The first objective of the study was to evaluate the impact of financial literacy on organizational performance of commercial banks in Uasin Gishu county. Based on the descriptive statistics, employees perceive their bank as lacking clarity in communicating borrowing products and loan terms, highlighting significant gaps in financial education initiatives. Many employees feel that customers do not fully understand the various types of deposit accounts or the benefits of saving and depositing funds. Additionally, there is a general sentiment of inadequate resources available for customers to grasp investment options effectively. Despite some employees expressing confidence in their ability to guide customers, the overall perception remains moderate regarding the bank's effectiveness in promoting financial literacy and awareness. These findings underscore the need for banks to enhance their communication strategies and educational efforts to better empower customers and improve overall financial understanding. The findings revealed a strong positive correlation between organizational performance and financial literacy ($r = 0.618$, $p < 0.001$). The regression results demonstrated a positive and significant effect of financial literacy on organizational performance ($\beta = 0.289$, $p < 0.001$).

5.1.2 Technology Adoption and Organizational Performance

The second objective of this study was to assess the influence of financial literacy on organizational performance of commercial banks in Uasin Gishu County. descriptive results showed that revealed significant challenges in how effectively banks communicate and implement their technological services. A large portion of employees feels that the bank does not actively promote investment education, highlighting a critical gap in financial literacy initiatives. Similarly, many employees believe that the bank fails to

encourage customers to utilize technology effectively. Concerns regarding the ease of mobile banking and the online account opening process indicate persistent usability issues that hinder customer engagement. However, employees do express confidence in guiding customers about selecting deposit accounts, reflecting potential strengths in staff capabilities. the correlation between organizational performance and technology adoption is significant ($r = 0.512$, $p < 0.001$). The regression results indicate a positive and significant effect of technology adoption on organizational performance ($\beta = 0.161$, $p = 0.004$). Thus, this hypothesis was not supported

5.1.3 Lending Practices and Organizational Performance

The third objective of this study was to investigate the lending practices on organizational performance of commercial banks in Uasin Gishu County. Descriptive statistics showed that that many employees believe their bank effectively communicates the loan application process and offers personalized support throughout this journey. These perceptions suggest that banks are working to build strong relationships with customers and provide tailored assistance, which enhances customer satisfaction and trust. Additionally, employee's express confidence in the bank's adherence to fair and ethical lending practices, reflecting positively on its reputation and integrity. Correlation analysis showed a strong positive correlation exists between bank performance and lending practices ($r = 0.613$, $p < 0.001$). The regression results show a strong positive and significant effect of lending practices on organizational performance ($\beta = 0.325$, $p < 0.001$), leading to the rejection of the hypothesis. This indicates that effective lending practices significantly enhance organizational performance of commercial banks.

5.1.4 Income Level and Organizational Performance

The fourth objective of this study was to investigate the income level on organizational performance of commercial banks in Uasin Gishu County. Descriptive statistics showed that that a substantial portion of employees perceives limitations in the bank's ability to cater to customers from various income brackets, suggesting an area for potential improvement in service offerings. Furthermore, while employees acknowledge efforts to tailor financial solutions based on income levels, a significant portion remains neutral, indicating that perceptions of customization may not be fully realized across the customer base. Additionally, many employees feel the bank does not adequately understand the financial needs of customers from diverse socioeconomic backgrounds, highlighting a critical gap in customer engagement and service delivery. Although a general perception of fairness in treatment exists, the disagreement from some employees points to perceived inequalities in customer service related to income. Employees also view the bank's pricing strategy positively, indicating that competitive interest rates and fees are available for customers of all income levels, which may enhance the bank's appeal to a diverse clientele. Overall, while banks are making strides in providing tailored solutions and competitive pricing, there are significant gaps in effectively serving customers across different income brackets and understanding their financial needs, suggesting areas that require focused attention and strategic enhancement. The correlation analysis also shows a positive correlation between organizational performance and income levels ($r = 0.518$, $p < 0.001$). The regression analysis reveals a positive and statistically significant effect of income levels on organizational performance ($\beta = 0.122$, $p = 0.029$), which leads to the rejection

of the hypothesis. This finding implies that addressing the varying income levels of customers can positively impact the organizational performance of commercial banks

5.1.5 Moderating Effect of Competitive Landscape

The fourth objective of this study was to investigate the role of competitive landscape as a moderating variable between the relationship of financial literacy, technology adoption, lending practices, income levels and organizational performance of commercial banks in Uasin Gishu County. Descriptive statistics revealed that many employees recognize the importance of adapting to changes in the environment and conducting market analysis to inform strategies. Additionally, there is a favorable perception regarding the effectiveness of the banks' competition strategies, as well as their ability to build partnerships that enhance market presence. However, there are notable gaps regarding the integration of customer feedback and mixed perceptions about facing stiff competition. the correlation between organizational performance and the competitive landscape is moderate ($r = 0.355$, $p < 0.001$). Hierarchical regression showed that competitive landscape significantly moderates the relationship between financial literacy and organizational performance ($\beta = 0.56$, $p < 0.05$), relationship between lending practices and organizational performance of commercial banks ($\beta = 2.91$, $p < 0.05$), and relationship between income levels and organizational performance of commercial ($\beta = 0.37$, $p < 0.05$). however, findings indicated that the competitive landscape does not significantly increase the explained variance of technology adoption on organizational performance ($\beta = -0.18$, $p > 0.05$).

5.2 Conclusion

Based on the findings, financial literacy is key to improving organizational performance, as it facilitates clear communication about borrowing products and helps customers understand the various types of deposit accounts available. The ability of employees to guide customers in selecting the appropriate deposit account significantly enhances customer satisfaction and retention. Additionally, effective promotional materials that clearly outline the benefits of financial products are essential for ensuring that customers are well-informed. Furthermore, the communication of product features is critical, and ongoing improvements in this area can strengthen customer engagement. Providing adequate resources to help customers understand investment options empowers them to make informed decisions, ultimately contributing to enhanced performance and customer loyalty. Consequently, prioritizing these elements will enable banks to optimize their operations and better serve their clientele in a competitive market..

Based on the findings, technology adoption is crucial for improving organizational performance, as it allows customers to perform transactions conveniently and enhances overall service delivery. The positive correlation between technology use and performance suggests that investing in advanced technological solutions can streamline operations and improve customer satisfaction. Ultimately, effective technology adoption equips banks to remain competitive in a rapidly changing market, aligning their services with customer expectations and fostering greater financial inclusion.

The results indicate that effective lending practices significantly enhance organizational performance of commercial banks. A focus on developing personalized lending solutions

and maintaining transparent lending terms is essential for building trust and satisfaction among customers. By aligning lending strategies with the diverse needs of borrowers, banks can not only boost their profitability but also establish long-lasting relationships with their clientele. This underscores the importance of ongoing assessment and refinement of lending practices to optimize organizational performance.

The findings reveal that addressing varying income levels among customers positively impacts organizational performance of commercial banks. Tailoring financial products and services to meet the specific needs of different income brackets can lead to better customer engagement and satisfaction. By recognizing the importance of inclusivity and accessibility in their offerings, banks can enhance their market share and financial outcomes. This highlights the necessity for banks to adopt strategies that effectively cater to the diverse financial needs of their customer base.

The analysis suggests that the competitive landscape plays a significant role in shaping the organizational performance of commercial banks. Banks that recognize and respond effectively to competitive pressures can enhance their market positioning and operational strategies. This finding emphasizes the importance of continuous market analysis and adaptation to maintain a competitive edge. By understanding the dynamics of the competitive environment, banks can better navigate challenges and leverage opportunities for growth and improved performance.

5.3 Recommendations

Based on the findings on financial literacy, the study recommends that regulators should implement standardized financial literacy programs in partnership with banks, ensuring

that customers have access to essential financial knowledge. These initiatives should be designed to empower consumers to make informed decisions about financial products, particularly targeting vulnerable populations. Banks management can further enhance financial literacy by investing in comprehensive educational programs that use engaging content delivered through workshops, online courses, and informational webinars. Additionally, bank managers should prioritize training staff in financial literacy concepts to ensure they can effectively communicate with customers. By fostering a knowledgeable workforce and enhancing financial literacy initiatives, banks can improve customer understanding and satisfaction, ultimately boosting overall performance.

To enhance technology adoption, government policy should encourage banking innovation, potentially through tax incentives for investments in digital infrastructure. This strategy would support commercial banks in enhancing their technological offerings. Banks themselves should regularly assess their technological tools, ensuring that user-friendly mobile and online banking platforms are available. Implementing robust cybersecurity measures and providing seamless customer service for digital platforms can further increase customer confidence in using these services. Managers should promote a culture of innovation by offering ongoing training for employees on new technologies and encouraging customer feedback. By focusing on these facets, banks can facilitate better technology adoption that aligns with customer needs and market demands.

In the realm of lending practices, policymakers should establish guidelines that require banks to provide transparent information about their lending terms and conditions, ensuring fairness and protecting consumers. This regulatory framework can foster greater trust

between banks and their customers. Banks should also develop clear communication strategies that detail lending processes and conditions, supplemented by user-friendly resources that help customers understand their options. From a managerial perspective, bank leaders should emphasize developing customer-centric lending practices tailored to diverse financial needs while providing regular training for loan officers on communication and empathy skills. By integrating transparency, customization, and staff training into lending operations, banks can enhance customer satisfaction and operational performance.

To address income level disparities, financial regulatory bodies should advocate for inclusive banking policies that prompt banks to create products tailored for various income segments, particularly for low- and middle-income customers. By establishing a supportive policy framework, banks can enhance their reach within the community. Simultaneously, banks should conduct thorough market research to understand the financial needs of different income ranges and develop suitable financial products, such as affordable loans and savings plans. Management should ensure that inclusivity is prioritized in product development and marketing strategies, training staff to be sensitive to the diverse needs of customers from different income brackets. By integrating targeted product offerings and training, banks can improve service delivery and foster stronger relationships with their client base.

To navigate the competitive landscape effectively, regulatory agencies should foster healthy competition by preventing monopolistic practices and facilitating the entry of new financial institutions, ultimately benefiting consumers. Banks should regularly conduct competitive analyses to remain informed about market trends and competitor strategies.

This practice can help them adapt and refine their offerings in line with competitive pressures. Furthermore, bank managers should cultivate strategic partnerships with fintech companies and other financial service providers to enhance their offerings and expand their market presence. By combining regulatory support, proactive market analysis, and strategic collaborations, banks can improve their performance and maintain a strong position within an increasingly competitive environment.

5.4 Suggestions for Further Studies

The study has provided crucial insights into the relationship between financial inclusion and organizational performance. However, several limitations suggest the need for further research. Firstly, the study focused on only four aspects of financial inclusion: financial literacy, technology adoption, lending practices, and income levels. Future studies could explore additional dimensions of financial inclusion, such as access to banking services, savings behavior, and the impact of financial education programs on various demographic groups.

Secondly, the study was limited to banks operating in Uasin Gishu County, which may restrict the generalizability of the findings to other regions or national contexts. Future research could expand the geographic scope to include banks in different counties or regions, allowing for a more comprehensive understanding of how financial inclusion influences organizational performance across diverse markets.

Lastly, the study relied on subjective measures from employees regarding their perceptions of financial inclusion aspects, which may introduce bias. Future studies should consider incorporating objective measures, such as performance metrics, customer satisfaction surveys, and actual financial data, to provide a more accurate and comprehensive assessment of the relationships examined. By addressing these limitations, further studies can contribute to a deeper understanding of financial inclusion dynamics and their effects on organizational performance.

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APPENDICES

APPENDIX I : INTRODUCTORY LETTER

To Whom It May Concern,

I am writing to introduce myself and to request your participation in my research project titled "Financial Inclusion and Organizational Performance of Selected Commercial Banks Moderated by Competitive Landscape in Uasin Gishu County." My name is Vallary Jepchirchir, and I am a Master of Business Management student (Finance Option) at the University of Eldoret, currently working on my research project as part of the requirements for my degree.

Enclosed with this letter, you will find a questionnaire designed to gather information on various aspects related to financial inclusion, organizational performance, and the competitive landscape within the banking sector. Your responses will remain confidential and was used solely for research purposes.

Your participation in this study is entirely voluntary, and your cooperation would be highly appreciated. Your input will not only enhance the quality of my research but also contribute to a better understanding of the dynamics shaping the banking industry in Uasin Gishu County. Should you have any questions or require further information about the research project, please do not hesitate to contact me at valchiry20@yahoo.com or 0711889758. Thank you in advance for considering my request, and I look forward to your participation in this important study.

Yours Faithfully,

Vallary Jepchirchir,
SBUS/BMM/M/004/20
Master of Business Management (Finance Option) Student
University of Eldoret

APPENDIX II : QUESTIONNAIRE

PART I: Background Questions (Tick where appropriate)

1. how many years has the bank been in operation

Less than 1 year	
1-5 years	
6-10 years	
More than 10 years	

2. How many employee does the bank have ?

1-50	
51-100	
101-150	
151-200	
201 and above	

PART II: FINANCIAL LITERACY

Indicate your level of agreement with the following statements relating to financial literacy within the commercial banking sector in Uasin Gishu County (Scale 1=strongly disagree, 2=Disagree, 3=Neutral, 4=Agree, 5= Strongly Agree).

		1	2	3	4	5
FL1	Our bank provides clear information about the borrowing products available to all customers.					
FL2	I believe that our all customers understand the terms and conditions of our loan products.					
FL3	All customers are well-informed about the different types of deposit accounts we offer.					
FL4	I feel confident in guiding customers on how to choose the right deposit account for their needs.					
FL5	Our bank's promotional materials clearly outline the benefits of saving and depositing funds.					

FL6	I effectively communicate the features and benefits of our banking products to customers.					
FL7	Our bank offers adequate resources to help customers understand investment options.					
FL8	Our bank actively promotes investment education and awareness to empower customers					

PART III: TECHNOLOGY ADOPTION

Indicate your level of agreement with the following statements relating to technology adoption within the commercial banking sector in Uasin Gishu County (Scale 1=strongly disagree, 2=Disagree, 3=Neutral, 4=Agree, 5= Strongly Agree).

		1	2	3	4	5
TA1	Our mobile banking application allows customers to perform transactions conveniently from anywhere.	1	2	3	4	5
TA2	Customers find our mobile banking services easy to use for various banking transactions.	1	2	3	4	5
TA3	Our bank provides a straightforward process for customers to open accounts online.	1	2	3	4	5
TA4	I feel confident that customers can successfully open bank accounts through our online platform.	1	2	3	4	5
TA5	Our bank actively encourages customers to utilize technology for their banking needs.	1	2	3	4	5
TA6	I am equipped to assist customers with inquiries related to mobile banking and online services.	1	2	3	4	5

PART IV: LENDING PRACTICES

Indicate your level of agreement with the following statements relating to lending practices within the commercial banking sector in Uasin Gishu County (Scale 1=strongly disagree, 2=Disagree, 3=Neutral, 4=Agree, 5= Strongly Agree).

		1	2	3	4	5
LP1	My bank offers a wide variety of loan options tailored to meet the diverse needs of our customers.					
LP2	My bank's loan products apply to all customers.					
LP3	My bank's lending terms and conditions are fair to all customers.					
LP4	I trust that my bank adheres to fair and ethical lending practices when lending to customers.					
LP5	My bank's application process is clear to all customers, regardless of their literacy level.					

LP6	My bank offers personalized support to all customers throughout the loan application process.					
LP7	My bank's lending criteria are communicated effectively to all borrower					

PART V: LEVELS OF INCOME

Indicate your level of agreement with the following statements relating to the levels of income within the commercial banking sector in Uasin Gishu County (Scale 1=strongly disagree, 2=Disagree, 3=Neutral, 4=Agree, 5= Strongly Agree).

		1	2	3	4	5
IL1	My bank caters to customers from various income brackets.					
IL2	My bank provides tailored financial solutions based on customers' income levels.					
IL3	My bank understands the financial needs of customers from diverse socioeconomic backgrounds.					
IL4	My bank treats all customers equally, regardless of their income.					
IL5	My bank offers competitive interest rates and fees for customers of all income level					

PART VI: COMPETITIVE LANDSCAPE

Indicate your level of agreement with the following statements relating to the competitivelandscape within the commercial banking sector in Uasin Gishu County (Scale 1=strongly disagree, 2=Disagree, 3=Neutral, 4=Agree, 5= Strongly Agree).

		1	2	3	4	5
CL1	My bank faces stiff competition in the market	1	2	3	4	5
CL2	My bank employs effective strategies for competing in the market.	1	2	3	4	5
CL3	My bank adapts quickly to changes in the competitive landscape.	1	2	3	4	5
CL4	My bank consistently maintains a competitive edge over rivals in the industry.	1	2	3	4	5
CL5	My bank regularly conducts market analysis to understand competitive dynamics.	1	2	3	4	5
CL6	My bank effectively responds to customer feedback to enhance our competitive position.	1	2	3	4	5
CL7	My bank collaborates with industry partners to strengthen our market presence.	1	2	3	4	5

PART VII: BANK ORGANIZATION PERFORMANCE

Indicate your level of agreement with the following statements relating to the bank

performance within the commercial banking sector in Uasin Gishu County (Scale 1=strongly disagree, 2=Disagree, 3=Neutral, 4=Agree, 5= Strongly Agree).

		1	2	3	4	5
BP1	My bank has shown consistent performance in the last five years compared to its competitors.	1	2	3	4	5
BP2	My bank has achieved steady growth in profitability over the past five years.	1	2	3	4	5
BP3	My bank's customer satisfaction ratings have improved significantly in recent years.	1	2	3	4	5
BP4	My bank demonstrates strong financial stability and resilience in a fluctuating market.	1	2	3	4	5
BP5	My bank has increased its market share among competitors in the last five years.	1	2	3	4	5
BP6	My bank's return on investment exceeds that of its main competitors.	1	2	3	4	5

APPENDIX III: SIMILARITY REPORT

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