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## Effect of Technological Capability, Innovativeness and Performance of Commercial Banks in Kenya

### Abstract

In most of the developing countries, the performance of the Banks is a key issue today. In the modern rapidly changing business environment, information technologies (IT) has become an essential component of firm capability and a source of sustainable competitive advantage. The main purpose of the study was to determine effect of technological capability and firm performance among commercial banks in Kenya. The study was informed by social exchange theory. Explanatory research design was used in this study. The used a sample of sample of 173 top management employees from 32 hotels in Nairobi county. The study used questionnaires to collect data. The Cronbach alpha coefficient test was employed to measure the internal consistency of the instruments. The study used descriptive statistics such as means, standard deviation, frequency and percentages. In addition, inferential statistics such as correlation and multiple regressions analysis were used. Study findings indicated that technological operating capability, technological upgrading capability and technological acquiring capability had positive and significant effect on bank performance. However, technological upgrading capability had most influential effect bank performance. The study concluded that technological operating capability, technological upgrading capability and technological acquiring capability is important factor for enhancing bank performance. Thus banks management should have long-term commitment for developing and improving technological capability.

Keywords; information technologies, technological operating capability, technological upgrading capability and technological acquiring capability

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