STRATEGIC LEADERSHIP AS A COMPETITIVE LEVER FOR FIRM PERFORMANCE: EVIDENCE FROM DIAMOND TRUST BANK BRANCHES IN NAIROBI CITY COUNTY, KENYA

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ABSTRACT

Inconsistent performance by Diamond Trust Bank (DTB) as compared to other Tier I Banks in Kenya is an ongoing problem for DTB, in terms of competitiveness in areas such as; Market Share, Improved Profitability, Operational Efficiency, etc. While there has been increasing emphasis placed on having a well-developed corporate governance framework, little is known about the degree to which these frameworks have affected the competitive positioning of firms through the use of effective governance strategies that include strategic leadership. The purpose of this research was to determine what effects corporate administration approaches have on the competition levels of the branches of Diamond Trust Bank, and to identify deficiencies in the current market power of commercial banks and to address those deficiencies through the application of a strong oversight structure. This research is based on three theoretical foundations; Stakeholder Theory, and Resource-Based Theory, which together provide insight into governance dynamics and competitive position. A descriptive research design was utilized in this study, and all participants of this study were targeted from a pool of 140. Both simple random and stratified random sampling techniques were applied to arrive at a sample size of 104, and the sample size was determined using Slovin's Formula. Preliminary studies were conducted to ensure reliability of the research instruments used in this study. Method on repeat testing was carried out, with consideration of Cronbach's Alpha score of 0.7 and above as satisfactory. Scrutiny on numerical data involved statistics summary, encompassing average, central value, value that is most frequent, and dispersion. Interpretation of data was conducted in utilization of SPSS and Microsoft Excel. To interpret findings, both analyses for descriptive and inferential statistics were incorporated. Presentation was done using tables and figures. Results revealed that strategic leadership has a positive and significant effect on competitiveness of a firm. This demonstrates that visionary leadership, enhance agility of operations and market position of DTB. Recommendations drawn from the study emphasize leadership capacity strengthening to sustain competitive advantage in DTB and general banking sector in Kenya.

Keywords: Strategic Leadership, Firm Competitiveness, Corporate Governance Strategy.

INTRODUCTION

The management domain regards firm performance and competitiveness as a central area of concern for research studies that examine organizational sustainability and success (Orlov et al., 2020). Scholars have extensively explored the relationship between firm performance and

its antecedents such as corporate governance strategies, organizational capabilities, and resource endowment across diverse economic sectors (Ocharo & Kinyua, 2021; Dou et al., 2021). Firm competitiveness is widely considered in existing literature as an outcome of organizational processes including strategic decision-making, governance structures, technological adoption, and resource optimization aimed at enhancing efficiency and long-term performance.

According to systems theory, an organization is viewed as a socio-technical system comprising interrelated and interdependent components that collectively influence performance outcomes (Weber, 1947). Corporate governance and strategic capability form critical components within this systems perspective, emphasizing the alignment of organizational structures, processes, leadership, and resources with strategic objectives (Hrebiniak, 2008; Johnson, Ellis & Hutcherson, 2020). The resource-based view further explains how firms leverage both tangible and intangible resources such as governance mechanisms, financial capital, human expertise, and technological infrastructure to achieve sustained competitive advantage (Barney, 1991; Penrose, 2009; Tosi & Slocum, 1984). The effective alignment and utilization of these resources are reflected through policy formulation, governance reforms, and continuous capability development within organizations (Mintzberg & Waters, 1985; Feldman & Pentland, 2022).

Globally, the financial sector has experienced significant growth, with financial institutions reporting improved performance driven by technological advancements and enhanced governance practices. In developed economies such as the United States and the United Kingdom, commercial banks have adopted automated systems and advanced risk management frameworks to improve efficiency and profitability (Ndu, Anoruo & Chukwuogor, 2023). Similarly, financial institutions in countries such as Australia, China, and the Netherlands have emphasized compliance, transparency, and disclosure practices as mechanisms for strengthening stakeholder confidence and institutional performance (Orazalin, 2019). Despite these advancements, challenges such as market volatility and valuation uncertainties continue to affect the sector's growth trajectory (Reuters, 2024).

Across Africa, commercial banks have demonstrated notable progress in performance and competitiveness through market expansion and service diversification strategies (Oyetade, 2021). Countries such as Mauritius have created conducive environments for financial sector growth through favorable regulatory frameworks, investment protection mechanisms, and adherence to international transparency standards, thereby attracting global financial institutions (Achameesing, 2023; Chuttoor, Ramdhony & Seetanah, 2022). In South Africa, strong financial infrastructure and effective corporate governance practices, including sound liquidity management and experienced board structures, have contributed to the growth and stability of the banking sector (Bruner, 2021).

The banking sector in Kenya plays a critical role in economic development by facilitating financial intermediation, mobilizing savings, and supporting investments across various sectors of the economy (Ongongo & Mang'ana, 2022). Nairobi City County serves as the financial hub

of the country, hosting the majority of commercial bank headquarters and playing a central role in shaping the national financial landscape (CBK, 2022). Despite significant growth in recent years, the sector faces persistent challenges including rising non-performing loans, inflationary pressures, and reduced consumer purchasing power. The increase in the non-performing loan ratio to 16.7 percent as of August 2024 highlights growing credit risk and potential liquidity constraints within the sector (CBK, 2023; Njoki & Nyabute, 2023). These challenges underscore the need for strengthened corporate governance strategies and enhanced competitiveness to ensure sustained performance and stability of commercial banks in Kenya.

Statement of the Problem

The core operations of the financial industry depend on commercial banks which provide essential support for lending activities and risk management processes while their economic impact across different sectors has been documented by the Central Bank of Kenya (CBK) in 2023. Diamond Trust Bank achieved exceptional financial growth because its net profit increased by 54% to Ksh 6.8 billion during 2022 after starting from a total of 4.4 billion in 2021 (DTB 2023). The net profit at DTB reached 7.64 billion in 2024 which represents an 11% increase that allows the bank to compete with other Tier I banks in Kenya (DTB 2024). The market share and efficiency measurements of DTB remain untested against its competitors which creates uncertainty about how these elements influence the banking institution's ability to compete with Tier I banks in Kenya through its corporate governance methods.

The banking sector in Nairobi City County operates under dynamic conditions which make corporate governance strategies essential for financial institutions to achieve competitive advantages (Wanjiru 2021). Financial institutions operating in the banking sector must concentrate their efforts on achieving profitability and increasing market share while improving operational efficiency to secure their long-term viability.

The financial indicators at DTB show positive trends yet there is no complete evaluation available to determine how corporate governance strategy affects these financial factors. The organization needs to understand how corporate governance strategies affect competitiveness because this knowledge will help them find areas where changes are needed to maintain a strong market position.

Previous empirical literature has examined existing link between corporate governance strategy and firm competitiveness. Illustratively, Muriithi (2022) investigated on corporate governance strategy and firm competitiveness in Kenyan commercial banks illustrating specifically on board composition and accountability failing to explore further strategies such as strategic leadership and corporate governance structure which are vital strategies in enhancing firm competitiveness. An investigation conducted by Erena *et al.* (2022) explored the influence of corporate governance approaches on the competitive positioning of enterprises. The study's results indicated a markedly positive effect of the board composition on competitiveness of manufacturing firms. The study however was carried out in a foreign country making generalizability of findings difficult.

Research Objective

The study sought to determine the effect of strategic leadership on firm competitiveness of Diamond Trust Bank Branches, in Nairobi City County, Kenya

Research Hypotheses

The research hypotheses for this survey were:

H_o: *Strategic leadership has no statistically significant effect on firm competitiveness of Diamond Trust Bank Branches, in Nairobi City County, Kenya*

H_a: *Strategic leadership has statistically significant effect on firm competitiveness of Diamond Trust Bank Branches, in Nairobi City County, Kenya*

The study was anchored on the stakeholder theory, and Resource- Based View, which offered collectively the theoretical basis for linking and explaining strategic leadership and firm competitiveness.

Stakeholder's Theory

The Stakeholder Theory which R. Edward Freeman introduced in 1984 states that companies should prioritize their stakeholders' welfare instead of focusing only on increasing shareholder value. Stakeholders may include customers and employees and local communities and firm suppliers and regulators and shareholders. Freeman's theory argues that a company achieves permanent success through stakeholder needs fulfillment because it creates enduring value which extends beyond immediate shareholder financial gains.

Researchers have recently used Stakeholder Theory to investigate how businesses compete and how they manage their corporate governance across multiple industries. The research conducted by Omondi and Njeru in 2017 showed that banking sector stakeholders' engagement determines both their corporate governance methods and their business results. Banks with strong stakeholder engagement programs which provide customers and regulators with clear communication channels achieve superior financial results and improved public standing. Abor and Quartey (2010) also applied Stakeholder Theory on the context of corporate governance in African financial sector, noting various importance of balancing the interests of stakeholders to promote long-term growth.

Freeman's Stakeholder Theory has achieved global recognition as an applicable framework across different fields. The research conducted by Gulati and Sytch in 2007 showed that multinational corporations' strategic decision-making processes and overall business success depend on their stakeholder relationships. Stakeholder Theory functions as the foundation of Barney and Hesterly's 2015 study because their research demonstrates that companies which succeed in stakeholder management will achieve better financial outcomes and stronger market position than their rivals. The research study maintains its importance through Stakeholder Theory because it provides a research framework that examines how Diamond Trust Bank uses stakeholder engagement to drive its corporate governance activities, which determine its competitive strength. The bank's success depends not only on its ability to generate profits for

shareholders but also on its effectiveness in managing the needs of all stakeholders, which includes employees and customers and regulators. The theory enabled an evaluation of how the bank's stakeholder-engaging governance structures affected its three vital components, which include profitability and reputation and long-term sustainability, which all contribute to understanding the bank's market position.

Resource-Based View

Penrose (1959) developed the resource-based view (RBV) model, which Wernefelt (1984) and Barney (2002) expanded through their scholarly research. The RBV model asserts that resource endowments determine operational differences between companies which compete in the same industry (Barney, 2002). Resource categorization needs to create two groups for intangible and tangible assets because these assets serve as crucial elements which businesses use to choose their strategic direction and execute their plans. Companies succeed in dynamic competitive markets through strategic moves which create distinct advantages over their competitors according to the research of Kinyua, Muathe, and Kilika (2015). Organizations need to update their initiatives through constant improvements because they must adapt to new conditions (Madhani et al., 2010). The Resource-Based View states that a company needs to identify and obtain critical resources because this ability boosts its chances of establishing a durable competitive edge which leads to better organizational outcomes (Sund et al., 2016). Organizations establish market dominance through acquiring resources which have valuable attributes and rare features that cannot be replaced or duplicated by other entities (Madhani et al., 2012).

RBV demonstrates that corporate governance strategies serve as valuable resources which enhance competitiveness in the commercial banking sector. When businesses implement corporate governance frameworks successfully, they help their organizations build core unique competencies across various fields which include strategic leadership, board makeup, corporate governance frameworks, and accountability systems. The RBV framework provides a basis to research how corporate governance strategies improve commercial banking institutions competitive advantage through strategic analysis. Various studies have adopted RBV in various organizational contexts (Abdi & Barasa, 2023; Maina, 2023; Wandie & Muathe, 2022) underscoring its significance in explaining competitiveness of firms across industries. Therefore this model is fundamental to this study as it anchors both dependent and independent variables thus corporate governance strategies and firm competitiveness.

Empirical Review

Nduati and Mang'ana's (2024) investigation explored the relationship between strategic guidance and organizational rivalry among Kenyan internet service providers, employing a descriptive research framework. Primary information was acquired via structured questionnaires while secondary information regarding (ROA) was gathered using a standardized data extraction instrument. The researchers employed both descriptive statistical methods and inferential statistical methods to analyze the collected data. The study results demonstrated that strategic guidance creates a strong positive effect on the competitive advantage of internet service providers. The study results showed that Nduati and Mang'ana

discovered important findings about internet companies which their research restricted because of their focus on this particular industry. The current study investigated how strategic guidance affects the competitive position of commercial banks in NCC Kenya through secondary data from existing research and reports by DTB and CBK.

Muriithi and Kariuki (2022) undertook a study concerning strategic guidance and the rivalry of Kenyan logistical organizations. Their research combined quantitative and qualitative methods according to RBV and Capacity-Building Theory. Researchers collected primary data through structured questionnaires which they distributed to 30 participants who represented 65 different logistics companies. The study findings demonstrated that organizations use strategic guidance to improve their competitive performance which consequently results in better financial outcomes. The research only studied logistics companies so its findings cannot be applied to other content areas and contexts of Kenyan commercial banks.

The research conducted by Ali and Anwar (2021) emphasized organizational rivalry and strategic guidance within Iraqi small and medium-sized enterprises. The investigation studied how capacity adjustment strategies and strategic flexibility and managerial acumen affected the performance of SMEs. The research design used a descriptive method which collected primary data through structured questionnaires that used simple random sampling for their selection process. Pearson's correlation and a linear regression model were used to depict the interrelationships among variables. The research discovered that strategic guidance has a major impact on how organizations maintain their competitive strength. The research findings cannot be applied to different countries because their implementation in one nation prevents understanding of outcomes across various continents and locations.

Conceptual Framework

Figure 1 presents the conceptual framework depicting the linkage between the study's independent variable and the dependent variable.
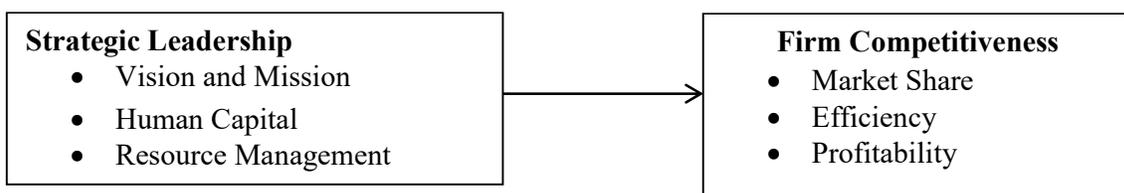
Strategic Leadership		**Firm Competitiveness**
• Vision and Mission • Human Capital • Resource Management	→	• Market Share • Efficiency • Profitability

Figure 1: Conceptual Framework
Source: Author (2026)

In this study, strategic leadership is operationalized through vision and mission, human capital, and resource management. Vision and mission reflect the extent to which organizational leadership provides clear strategic direction, long-term purpose, and alignment of organizational goals to enhance competitiveness. Human capital represents the knowledge, skills, competencies, and experience of employees, as well as leadership's ability to develop, motivate, and retain talent to support strategic objectives. Resource management refers to the effective allocation, utilization, and control of financial, physical, and technological resources to optimize organizational performance and sustain competitive advantage. Firm

competitiveness constitutes the dependent variable and is operationalized through market share, efficiency, and profitability. Market share captures the firm's ability to command a significant portion of the industry relative to competitors. Efficiency reflects the optimal use of resources to minimize costs while maximizing output, whereas profitability measures the firm's ability to generate financial returns and sustain long-term growth.

RESEARCH METHODOLOGY

A research design denotes the blueprint, approach, or scheme employed to tackle research inquiries (Orodho, 2003). This study adopted descriptive research design considered in this context as appropriate because allows the researcher to describe and examine systematically existing conditions without manipulating the study variables. The design was selected since collection of detailed information on the nature, timing, location, and operational characteristics of the study phenomena as they occur in their natural setting (Creswell & Creswell, 2017). Application of this design, data was collected from the target population at a single point in time to capture conditions prevailing related to the study variables, thereby allowing the researcher to analyze prevailing trends, patterns, and relationships, to the variables under observation. This approach demonstrates consistency with previous studies by Moga and Muathe (2020) that followed this research approach, which demonstrated that descriptive approach is effective in generating insights that are comprehensive and reliable when the is to describe and evaluate unique research problem aspects.

Sample size was obtained using Slovian formula (Slovian, 1960):

$$n = N / (1 + Ne2)$$
N- Size of the population e- (0.05) error of margin
n- Size of the sample
$$n = 140 / (1 + 140 \times (0.05)2)$$
$$n = 104$$
The research study sample size is 104

For this study, the census approach incorporated by the researcher to identify units of observation. Mugenda (2008) suggests that using census approach remains appropriate when the population targeted is not overly large, as it enables data to be gathered from all individuals in the populace.

Table 1 presents the study sample drawn from different management tiers within selected Information for this investigation was obtained from both existing and firsthand origins. The research project will use a prearranged questionnaire as its main method to gather direct evidence. The instrument for data collection included closed-ended questions which used a Likert scale to let participants share their opinions and knowledge about important aspects of commercial banking. The research team used a questionnaire as their data collection tool which helped them gather information in a standardized way while making it easy to analyze their results. The researchers used the structured questionnaire format to study particular variables while they could still examine detailed information from the participants. The questionnaire proved to be an effective method for collecting detailed and trustworthy information which was necessary to achieve the research goals.

This ensures that study findings represent accurately the phenomena under investigation (Mugenda & Mugenda, 2003). Various validity types exists thus face, construct, and content validity that ensure the research instrument is accurate and appropriate. In this study, face validity was tested by assessing the research instrument apparent suitability in measured the concept, relying on judgments that are subjective from individuals recognizable with the content. Construct validity was tested by scrutinizing the instrument accuracy in capturing the intended theoretical concept it is supposed to measure, ensuring that scores obtained reflected truly the trait targeted. Content validity was tested by subjecting the instrument to scrutiny by subject matter experts evaluating its significance and suitability.

The dependability of an instrument according to Mugenda and Mugenda (2003) requires two conditions which need to be met. A research tool is considered dependable if comparable methods yield reproducible study outcomes. The researcher evaluated the questionnaires to determine their assessment value which he achieved through Cronbach's Alpha correlation coefficient analysis. The researcher evaluated the questionnaires to determine their assessment value which he achieved through Cronbach's Alpha correlation coefficient analysis. The researcher accepted questionnaire reliability at an alpha value of 0.70 or higher according to Cronbach (1951). The most appropriate method to analyze data with Likert scales requires researchers to use Cronbach alpha. (Mugenda & Mugenda, 2003). Therefore this study adopted Cronbach alpha to test instrument reliability.

Table 1: Findings of the Reliability Analysis

Constructs	Alpha Score	No. of Items	Remarks
Strategic Leadership	10	0.821	Reliable
Firm Competitiveness	10	0.789	Reliable
Overall Score	**20**	**0.805**	**Reliable**

Source: Pilot Study Observations (2026)

The outcomes of the reliability assessment presented in Table 3.3 indicate that all the study constructs recorded Cronbach's alpha coefficients greater than the recommended threshold of 0.7, confirming acceptable internal consistency of the measurement scales. Specifically, Strategic Leadership ($\alpha = 0.821$), and Firm Competitiveness ($\alpha = 0.789$) all demonstrated reliable internal homogeneity among their respective items. The computed overall reliability coefficient of 0.805 further affirms that the instrument used for data collection was dependable and suitable for measuring the intended constructs.

Researcher sought research authorization letter from Kenyatta University, NACOSTI research permit, as well as a research permit from the County/Sub-county. Research study also sought research assistants to be involved in the process of collecting data in the field. Structured questionnaire to source primary data from study respondents was used. Respondents might not provide a reflection of their individual opinions but might be tempted to answer what they think will be pleasing to the researcher, therefore valuable information may not be captured as

answered may be very brief. To avoid such risk, the researcher offered a brief training on the importance of this study allowing research participants sufficient time to complete the

Data was examined numerically given that the survey employs closed-ended questions, ensuring impartiality in the research outcomes. Summary statistics, encompassing sample average, standard variation, and distributions, were integrated utilizing SPSS version 26. Deductive statistics was employed, specifically multiple regression analysis and correlation, to evaluate the connection between strategic leadership and firm competitiveness. Outcomes from the interpretation were presented via tabular forms, and figures, to distinctly communicate results and patterns. The subsequent regression model utilized to gauge the influence of predictor variables on the outcome variable is as follows;

$$Y = \beta_0 + \beta_1 X + \varepsilon \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots \text{ (i)}$$

Where:

       Y = Firm Competitiveness
       X = Strategic Leadership
       β_0, β_1 = Beta Coefficients
       ε = Error Term

Inferences derived from the current study were determined at a five percent significant level. Results were presented in form of tables, figures and charts.

The researcher took measures to protect study participants from experiencing any embarrassment or harm or disadvantage during their study participation. The study objectives and participant advantages were presented to participants in a way that prevented any false promises of results from being made to them. The introductory letter together with the questionnaires and the participant information and consent letter contained this information. The research team obtained ethical approval from the Kenyatta University Institutional Review Board before starting their data collection process. The researcher obtained permission from Diamond Trust Bank's management before starting any participant research activities. Participants were informed beforehand about their right to skip any questions which they considered to be excessively private. The investigator assured the participants that their details remained private, and any dissemination of information beyond the research document only transpired with their agreement. Specifically, the Participant Information and Consent form included request for consent to participate in the interview and to indicate their preferences regarding disclosure or non-disclosure of information.

Descriptive Results

This section outlines the study findings by examining the response rate, summarizing the mean scores derived from the sampled respondents, and describing the associated variability using standard deviation.

Response Rate

Distribution of questionnaire tool was in print form comprising on 104 respondents. Thus these respondents included chief, middle, and junior management, drawn from branches of DTB within Nairobi City County. Out of these, questionnaires completed and returned totaled up to

83, while failed to be submitted added up to 21. The participation rate across different levels of management is demonstrated in Figure 1 below.

Sales

20.10% Non-repose rate
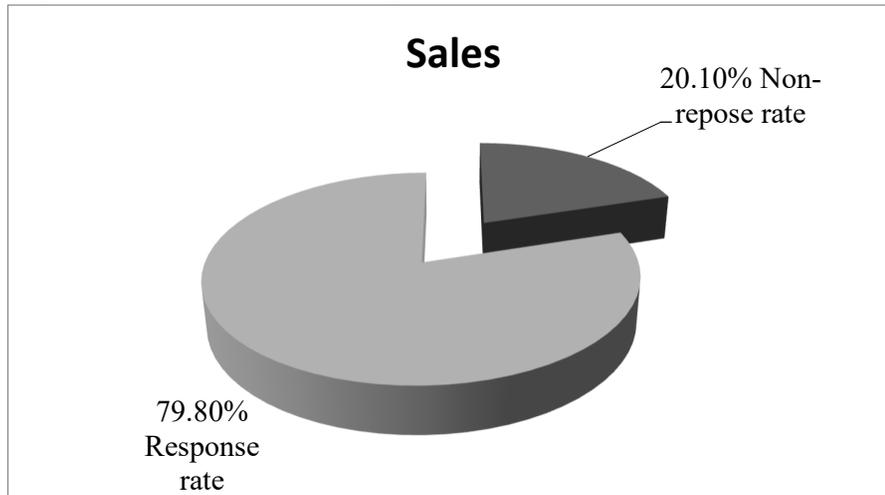
79.80% Response rate

Source: Field Observations (2026)

Figure 1 demonstrates that out of 104 questionnaires given out to the management levels targeted, returned and completed questionnaires. This yielded 79.8% response rate, while 21 questionnaires were not returned by respondents, represented by 20.1%. In consideration with benchmark widely used, this benchmark surpasses 70% for research survey, considered satisfactory for ensuring findings reliability and generalizability (Mugenda & Mugenda, 2003; Fincham, 2008). In this study, a high rate of response was observed, enhancing sample representativeness and minimization of non-response bias risk. Therefore, strengthens how results are credible and valid. This threshold previously has been referenced while assessing data adequacy for statistical analysis (Kothari, 2004; Babble, 2010; Fowler, 2013). From this viewpoint, it can be deduced that participation level in the current survey is sufficient in support of conclusions that are meaningful.

Descriptive Results for Strategic Leadership

Strategic leadership is a vital aspect of corporate governance strategy, reflecting ability of leaders to define direction of an organization and inspire employees towards objective achievement. Essential five attributes were examined thus corporate direction setting, control mechanisms, and efficient resource management. This fosters a strong culture for the organization, and upholding ethical workforce behavior. Study assessed how practices of leadership influence adaptability of the organization including allocation of financial resources, flexibility of workforce, adjustments in technology, operational continuity, and resilience during crises.

Table 2: Descriptive Results on Strategic Leadership

Statements	Sample Mean	Std. Dev.
The leadership at DTB effectively communicate a clear vision and mission to all employees	3.6824	0.5328
Employee are encouraged at all levels to align with the vision and mission of DTB	3.9800	0.4018
Leadership at DTB ensures that non-financial and financial resources are efficiently allocated	3.8251	0.3724
DTB invests in continuous training and development programme	4.0002	0.3787
DTB leadership encourages a culture of innovation and adaptability to market changes	3.7824	0.5453
Leaders at DTB encourage employees to take initiative in problem-solving	4.2311	0.4989
Leaders at DTB foster collaboration across departments to improve service delivery	4.4892	0.4900
DTB leadership regularly monitors performance to ensure strategic goals are met.	4.1100	0.5012
Leadership decisions at DTB are based on data and market insights.	3.8321	0.4622
Aggregate Score	**3.9925**	**0.4690**

Source: Field Observations (2026)

Summarized results in Table 4.2 demonstrate that strategic leadership effectiveness enhances organizational responsiveness and overall performance. Additionally, these results offer clear understanding of the degree to which strategic leadership enhances flexibility of resources at DTB in Nairobi City County. Overall mean score of 3.9925 accompanied by a standard mean of 0.4690 demonstrates that respondents agreed generally that strategic leadership contributes significantly to management effectiveness and adaptability of resources thus financial, human and technological. Low response variability relatively suggests a strong consensus across sampled levels of management, reinforcing results reliability for further inferential analysis.

The research team found that the highest mean score of 4.4892 (SD = 0.4900) for service delivery improvement through interdepartmental collaboration reached its peak through this particular factor. This evidence shows that DTB leaders maintain their focus on interdepartmental coordination because this practice enables the bank to adjust its operations to changing conditions according to recent research which shows that collaborative leadership methods help organizations operate better in financial markets that face constant changes (Gaviyau & Godi, 2025; Kal, 2025). The bank's leadership practices show that human capital development through employee empowerment serves as a central focus for their strategic

operations because employees received high scores of 4.2311 (SD = 0.4989) when they were encouraged to solve problems through their own initiative.

The employees showed a lower mean score of 3.6824 (SD = 0.5328) when they assessed the organization-based ability to deliver a unified vision and mission statement to all staff members. The organization receives support through its current communication structure because it allows employees to understand organizational goals. The strategic execution process requires additional communication efforts that need to happen across every section of the company because it needs both organization-wide communication and precise information delivery to succeed (Kal, 2025). The descriptive results show that DTB strategic leadership creates operational agility and resource flexibility and operational resilience and uninterrupted service delivery through its applications. The bank maintains its operational ability to meet new market needs and competitive obstacles because leaders control all financial and human and technological assets. The findings support current research which shows that strategic leadership needs resource flexibility and empowering human capital to secure better results for organizations and responsiveness of financial institutions (Bashir, Memon & Muenjohn, 2025; Khan et al., 2021).

Descriptive Results for Firm Competitiveness

The level of competitiveness which a firm achieves stands as one of the vital metrics that shows how well it executes its strategic plans and operational processes to gain better results than its opponents. The concept of firm competitiveness extends beyond single dimensions because it includes multiple aspects which show how organizations develop products that meet customer needs through their manufacturing and distribution processes while delivering better quality and value than their market rivals. The researchers studied three main aspects of firm competitiveness through market share and efficiency and profitability to assess how the organization uses its resources and strategic assets to achieve market leadership in a competitive business atmosphere.

Table 3: Descriptive Results on Service Delivery

Statement	Sample Mean	Std. Dev.
DTB upholds high standards of integrity in financial reporting and its operations	3.6682	0.4962
There is transparency in dealing with employees and customers	2.9484	0.4871
DTB discloses accurate and timely financial reports	3.2311	0.5461
Management and employees are held accountable for regulatory violations and ethical breaches	3.3222	0.5118
DTB encourages trust and confidence among employees and different stakeholders	3.0011	0.5431
Accountability at DTB strengthens stakeholder confidence and loyalty.	3.2271	0.5455
DTB has mechanisms to report unethical behavior without fear of retaliation.	3.3381	0.5120
Managers are responsible for ensuring compliance with internal policies.	3.2181	0.5681
Employees receive feedback on their performance to promote accountability.	3.4721	0.5734
Aggregate Score	**3.2696**	**0.5315**

Source: Field Observations (2026)

The researchers transformed the analyzed statements about the accountability system elements into summary statistics which included mean values and standard deviation measurements for their advanced statistical assessments. The overall mean which was calculated at 3.2696 together with a standard deviation of 0.5315 shows that DTB has achieved a moderate level of accountability practice. The organization shows good progress toward transparency and integrity and information disclosure yet it needs to fix specific issues which block its path to better governance results.

The indicator which received the highest score showed that financial reporting and operational integrity maintenance had a mean value of 3.6682 and a standard deviation of 0.4962 which proved most respondents viewed DTB as maintaining honest and ethical financial management standards. Kariuki and Omwenga (2022) established that institutional integrity builds public trust which serves as a foundation for sustainable corporate governance. The research found that stakeholder trust building activities received lower average scores while feedback-based accountability systems received low average scores which showed that DTB needs to improve its systems for creating open communication and participatory accountability. The present

findings confirm Bawuah (2024) which showed that limited employee-stakeholder interactions reduced the effectiveness of financial institution accountability systems.

The assessment found average achievement in two areas which included managerial compliance monitoring with a mean score of 3.2181 and a standard deviation of 0.5681 and the ability to maintain transparent relationships with customers and employees which had a mean score of 2.9484 and a standard deviation of 0.4871. The results show that DTB developed effective systems to manage internal controls and compliance requirements while they struggle to improve their abilities to disclose information and share updates with stakeholders. Munyiri and Hassan (2021) state that custodianship of institutional legitimacy through transparent communication of verified information creates trust among stakeholders within the banking sector.

The combined results establish a robust yet deficient accountability framework at DTB which maintains ethical financial practices and shows partial transparency while its employees practice feedback together with disclosure to a moderate extent. These findings are consistent with Ngugi et al. (2024), who emphasized that accountability systems anchored on integrity, transparency, and structured reporting significantly enhance governance credibility and long-term competitiveness in corporate entities. DTB should create an accountability framework which includes real-time information sharing methods together with ongoing ethics education and stakeholder participation in oversight activities to enhance both public trust and institutional security.

Inferential Analysis

The influence of strategic leadership on firm competitiveness was examined through a simple regression model, and the results are presented in Table 4

Table 4: Regression Results

Model	R	R Squared	Adjusted R Squared	Std. Error of the Estimate	Durbin-Watson
1	0. 871 [a]	0.755	0.738	1.628	2.09

F-Statistics

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	13.671	1	4.122	19.87	.000 [b]
	Residual	22.778	123	0.231		
	Total	**31.282**	**124**			

a. Dependent Variable: Firm Competitiveness
b. Predictor: (Constant), Strategic Leadership

Source: Field Observations (2026)

The research examined strategic leadership effects on DTB corporate performance through regression modeling as shown in Table 4 which reports the study's model results. The model

produced a correlation coefficient (R) of 0.871 which showed a strong positive relationship between the predictors and firm competitiveness. The R squared value of 0.755 indicates that strategic leadership explain approximately 75.5% of the variation in firm competitiveness. The adjusted R squared of 0.738 confirms the model's strength because it accounts for used predictor variables. The standard error of the estimate (1.628) together with the Durbin-Watson statistic (2.09) shows that the model exhibits nearly all of its prediction capacity while its residuals show no major autocorrelation issues which establishes the study results as trustworthy

The regression analysis produced an F-value of 19.87 with a corresponding significance level of 0.000 which shows that the overall model demonstrates statistical significance. The regression model demonstrates a good data fit which enables accurate prediction of changes in firm competitiveness through effects of strategic leadership. The results demonstrate that the strategic leadership delivers valuable insights about DTB competitiveness.

Table 5: Coefficients of Regression Analysis

	Unstructured Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
Constant	13.727	2.748		5.431	.001
Strategic Leadership	.758	.182	.193	3.970	.000

a. **Dependent Variable**: Firm Competitiveness

b. **Predictor:** (Constant), Strategic Leadership.

Source: Field Observations (2026)

The regression analysis results indicate that the estimated model was derived from the unstandardized coefficient values obtained.

Firm Competitiveness = 13.727 + .758 Strategic Leadership

The regression model indicates that the baseline level of firm competitiveness, as represented by the intercept, is 13.727 when strategic leadership is held at zero. This implies that even in the absence of strategic leadership influence, the firm would still exhibit a certain level of competitiveness attributed to other underlying factors. The coefficient of 0.758 for strategic leadership suggests that a unit increase in strategic leadership is associated with a corresponding increase of 0.758 units in firm competitiveness. This reflects a positive and direct relationship, indicating that strengthening strategic leadership practices contributes significantly to enhancing firm competitiveness.

The study sought to determine the effect of strategic leadership on firm competitiveness at Diamond Trust Bank. The regression results (Table 5) show that strategic leadership is statistically significant with a coefficient $\beta = 0.758$, $t = 3.970$, and $p = 0.000$. At a 95%

confidence level, strategic leadership positively influences firm competitiveness. A one-unit increase in strategic leadership leads to a 0.758-unit increase in DTB's competitiveness. The findings prove that strategic leadership promotes competitive advantage through its ability to manage resource distribution and drive development and enhance company success at DTB (Nduati & Mang'ana 2024 Muriithi & Kariuki 2022).The Resource-Based View concepts explain these results because they show that leadership functions as a strategic asset which organizations use to build their operational capabilities and market strength (Barney 2002 Sund et al. 2016).

Conclusion

The researchers wanted to explore how strategic leadership impacts the ability of organizations to compete with their rivals. The research discovered that strategic leadership directly benefits the competitive strength of Diamond Trust Bank through its positive impact. The organization obtains increased capacity to face financial market changes through their leaders developing a clear vision which drives new ideas while their strategic objectives match their daily operations. The research establishes that strategic leadership development through strong visionary leaders leads to business growth because it creates an environment which supports both innovation and employee dedication and organizational change.

Recommendation

Concerning this investigation on the effect of strategic leadership on firm competitiveness, management ought to implement frameworks that strengthen leadership capacity across the organization. This can be achieved through continuous leadership development programs that enhance strategic thinking, innovation, and effective decision-making. Additionally, the bank should promote mentorship and succession planning to ensure leadership continuity and adaptability to changing market conditions. Moreover, top management should establish accountability systems that align leadership actions with strategic objectives, thereby improving overall competitiveness and organizational performance.

Limitations and Suggestions for Further Research

This study focused on strategic leadership as the primary explanatory factor influencing firm competitiveness among selected Diamond Trust Bank branches in Nairobi City County, Kenya. By concentrating on this single strategic dimension, the study did not comprehensively examine other organizational and external factors such as market dynamics, regulatory influences, and technological changes that may also affect firm competitiveness. In addition, issues related to leadership practices and internal strategic processes are often sensitive, which may have limited the extent to which respondents provided full and accurate information, despite assurances of confidentiality and the use of data strictly for academic purposes. Further, the study was confined to selected branches of Diamond Trust Bank within Nairobi City County, and therefore the findings reflect the operational and contextual characteristics of this setting, which may limit the generalizability of the results to other banks, sectors, or geographical contexts.

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